Norfolk County Council

Policy and Resources Committee

Date:	**Monday, 24 September 2018**
Time:	**10 am**
Venue:	**Edwards Room, County Hall, Norwich**

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

Membership

Mr A Proctor (Chairman)

Mr B Borrett
Mrs P Carpenter
Ms E Corlett
Mrs M Dewsbury
Mr T FitzPatrick
Mr S Morphew
Mr R Oliver
Mr G Plant
Mr D Roper
Mr E Seward
Mr B Stone
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 16 July 2018

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 19 September 2018.** 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 19 September 2018.** For guidance on submitting public question please view the Constitution at Appendix 10.

Section A – Items for Discussion and Decision/Action

18 Recommendations from the Constitution Advisory Group meeting held o (Page 233)
Report by the Chairman of the Constitution Advisory Group

<u>Section B – Item for Report</u>

19 Decisions taken under Urgency Powers

To note that the Managing Director approved the following changes to Councillor Directors of Repton Developments following consultation with the Chairman and Vice Chairman of the Committee:

Barry Stone and Carl Smith replace Keith Kiddie and Brian Iles

20 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	Conservative Group Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

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

Date Agenda Published: 14 September 2018

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 16 July 2018
10:00am Edwards Room, County Hall, Norwich

Present:

Mr A Proctor (Chairman)

Mr B Borrett
Mrs P Carpenter
Mrs E Corlett
Mrs M Dewsbury
Mr K Kiddie
Mr S Morphew
Mr R Oliver
Mr G Plant
Mr D Roper
Mr E Seward
Mr M Wilby

Substitute Member present:

Mr D Bills for Mr T Garrod

Also present:

Mr B Spratt
Mrs K Vincent

1. Apologies for Absence

1.1 Apologies for absence were received from Mr T Garrod.

2 **Minutes**

2.1 The minutes of the previous meeting held on 4 June 2018 were confirmed by the Committee and signed by the Chairman.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4 **Items of Urgent Business: The future of the Norfolk Fire and Rescue Service**

4.1 In reply to questions the Chairman said that the County Council's business case for why the fire service should continue to be run by Norfolk County Council would be published by the end of business on 17 July 2018.

5 **Public Question Time**

5.1 There were no public questions.

6 **Local Member Issues**

6.1 There were no local member questions.

Section A – Items for Discussion and Decision/Action

7a **Corporately significant vital signs performance management report**

7a.1 The annexed report (7a) by the Strategy Director was received.

7a.2 The Committee received a report by the Strategy Director that provided up to date performance management information for corporately significant vital signs.

7a.3 Some Members questioned the ratings for vital signs that were judged to be just below or just above their respective performance targets. This, however, was not entirely unexpected at this early stage in the year given the level of complexity of the performance measures that were defined as “corporately significant” or “under development”.

7a.4 Members drew attention to the number of apprenticeship starts in Norfolk which (apart from new apprenticeships in the NHS) continued to be below target, due to the impact of recent reforms and the levy that was used to upskill the current workforce rather than support new entrants.

7a.5 Members also drew attention to the percentage of Education Health Care Plans (EHCPs) completed within the 20- week timescale required by the DfE which was an improvement on the position in 2016 but continued to lag significantly below the national average. In tackling this issue, the County Council was working with the NHS on the health aspects of the assessment process and to look at new ways of joined up working that reduced demand and made better use of digital technology.

7a.6 It was pointed out that the NHS had been asked to refer reablement cases to Adult Social Services on a case by case basis rather than in batches of cases. This approach would increase efficiency in Adult Social Services and make for better joined up working.

7a.7 It was noted that the performance measure for the percentage of children subject to a permanent exclusion order remained under development. For a small number of children who were excluded from school the period of exclusion extended beyond the usual timescale. However, Members were informed that this was done with good reason and where necessary with the permission of the parents concerned.

7a.8 **RESOLVED**

That the Policy and Resources Committee:

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

7b **Risk Management Report**

7b.1 The annexed report (7b) by the Executive Director of Finance and Commercial Services was received.

7b.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided the corporate risk register as it stood in July 2018, along with an update on the Risk Management Strategy, and other related matters, following the latest review conducted during June 2018.

7b.3 Members drew attention to the delay in the publication of the Green Paper on care and support for older people until autumn 2018. Many national and local government bodies, including Norfolk County Council, were continuing to press for the publication of the Green Paper which would set out plans for how government proposed to improve care and support for older people and tackle the challenge of an ageing population.

7b.4 At Members request, it was agreed that an update report on the delivery of Broadland Northway would be reported to EDT, then to P&R later in the autumn when full costs were established.

7b.5 **RESOLVED**

That 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);**

8 **Finance monitoring report P2: May 2018**

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

8.2 The Committee received a report by the Executive Director of Finance and Commercial Services that summarised the Period 2 (May 2018) forecast financial outturn position for 2018-19, to assist Members to maintain an overview of the overall financial position of the Council.

8.3 The Executive Director of Finance and Commercial Services drew Members' attention to the additional borrowing set out in paragraph 3.4 of the report and confirmed that in view of the current historically low interest rates available, he would be actively considering the opportunity for further borrowing during the course of the year.

8.4 **RESOLVED**

That Policy and Resources Committee:

1. **Note the period 2 forecast general fund revenue overspend of £5.356m, noting also that Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends;**
2. **Note the forecast General Balances at 31 March 2018 of £19.536m, before taking into account any over/under spends;**
3. **Note the revised expenditure and funding of the current and future 2018-22 capital programme as set out in Appendix 3 of the report;**
4. **Note the addition of £1.686m to the capital programme relating to the purchase of farm land at Halvergate as set out in Appendix 3 paragraph 4 of the report;**
5. **Approve the addition of £0.150m to the capital programme to automate manual HR processes, as set out in Appendix 3 paragraph 5 of the report.**

9. **Delivering Financial Savings 2018/19**

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 of the forecast year-end position in respect of the delivery of the 2018-19 savings agreed by the County Council at its budget meeting on 12 February 2018.

9.3 In reply to questions about the accuracy of the RAG ratings, the Executive Director of Finance and Commercial Services said that the decision to rate a project as RED or YELLOW was based on the criteria shown in the report which, while more an art than an exact science, ensured that there was a common standard across all Service Committees. The RAG rating levels were kept under constant review at the corporate level which maintained the focus on the effective delivery of both the previous years' agreed savings and future planned savings, and minimised risks to the Council's overall financial position and supported the delivery of the 2018-19 Budget.

9.4 With reference to the table on page 125 of the report the Executive Director of Finance and Commercial Services confirmed that 2019/20 would be the final year that the County Council returned second homes council tax money to the District Councils.

9.5 **RESOLVED**

That Policy and Resources Committee note:

1. **the total projected shortfall of £5.248m in 2018-19, which amounts to 17% of total savings;**
2. **the budgeted value of 2018-19 savings projects rated as RED of £0.642m, of which £0.050m are forecast to be delivered;**
3. **the budgeted value of 2018-19 savings projects rated as AMBER of £14.645m, of which £9.989m are forecast to be delivered;**
4. **the budgeted value of GREEN and BLUE rated projects of £14.712m.**

10 **Strategic and Financial Planning 2019-20 to 2021-22**

10.1 The annexed report (10) by the Executive Director of Finance and Commercial Services was received.

10.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided an overview of the Council's current budget planning position, including the forecast budget gap for 2019-20 to 2021-22, and proposed a strategic and financial planning framework for Service Committees Strategic Planning.

10.3 The Executive Director of Finance and Commercial Services clarified section 114 of the Local Government Finance Act 1988, which required him to report to Members if it appeared that the expenditure the authority proposed to incur in a financial year was likely to exceed the resources available to it to meet that expenditure. The Executive Director confirmed that he therefore took a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy.

10.4 Some Members questioned why (with reference to table 4 on page 137 of the agenda) no assumed council tax increase was planned for 2021/22. It was suggested that to include an assumed figure would improve the strategic and financial planning process going forward. In reply the Chairman said that the assumed council tax increases for 2019/20 and 2020/21 were subject to Full Council's decisions on the levels of council tax, which were made before the start of each financial year, no increase in council tax was planned for 2021-22 because the County Council's budget planning process was being reprofiled over the 3-year period that led up to 2021/22.

10.5 In reply to further questions, the Executive Director of Finance and Commercial Services said he would provide the Committee at its next meeting with an early indication of corporate budget proposals that would shape 2019-22 budget planning activity.

10.6 **RESOLVED**

That Policy and Resources Committee:

1. **Note how the principles of the Council's Strategy, Norfolk Futures, will inform and shape 2019-22 budget planning activity;**
2. **Approve the updated budget assumptions and note the key areas of risk in relation to 2019-22 budget planning as set out in section 4 of the report;**
3. **Consider the forecast budget gap of £94.696m, which reflects the changes (as set out in table 5 of the report) from the 2018-22 Medium Term Financial Strategy (table 1 of the report);**
4. **Approve the budget planning principles (paragraph 4.2 of the report) and guidance for 2019-20 and commission Service Committees to begin developing their savings proposals accordingly;**
5. **Approve the indicative savings targets 2019-20 to 2020-21 (section 5 of the report), noting the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round (table 3 of the report); and**
6. **Note the budget planning timetable set out in section 6 of the report.**
7. **Receive an early indication at their next meeting of corporate budget proposals that will shape 2019-22 budget planning activity.**

11. **Health, Safety and Well-being Annual Report**

11.1 The annexed report (11) by the Strategy Director was received.

11.2 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 2017/18 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.

11.3 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the Health, Safety and Well-Being Annual Report for 2017/18 and the actions outlined throughout the report and specifically the organisation's HSW performance.**
2. **Note the progress made against the priorities and plan for 2017-20 to date.**

3. **Place on record the Committee's thanks to those involved in the positive overall Health, Safety and Well-being performance of the County Council in 2017/18 and in particular the work that is done to support performance on mental health issues.**

12 **Liquidlogic/Social Care System Replacement Implementation**

12.1 The annexed report (12) by the Executive Director of Adult Social Services was received.

12.2 The Committee received a report by the Executive Director of Adult Social Services that asked Members to note the progress on delivering the new Social Care System for Adult Social Services, Children's and Finance and to consider whether they would like any further reports at future meetings of this Committee.

12.3 **RESOLVED**

That Policy and Resources Committee:

Note the good progress on delivering the new Social Care system for Adult Social Services, Children's Services and Finance and ask to receive a further update report in 6 months-time.

13 **Syrian Vulnerable Persons Resettlement Scheme (VPRS) – Progress Report**

13.1 The annexed report (13) by the Executive Director of Adult Social Services was received.

13.2 The Committee received a report by the Executive Director of Adult Social Services that provided an update regarding the provision of the current Syrian Vulnerable Persons Resettlement Scheme (VPRS) and considered the extension of this provision beyond 2020.

13.3 **RESOLVED**

That Policy and Resources Committee:

1. **Note the success and the breadth of work carried out by the People from Abroad team.**
2. **Agree to the resettlement of a further 100 Syrian refugees across 2018/2019 and 2019/2020 (50 each year) within the locality of Greater Norwich subject to the conclusion of discussions with the appropriate District Councils.**

14 **Sourcing Strategy for Council Services**

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 in response to a request from Members, recommended an approach to decide how to deliver services and whether they should be delivered in-house, traded, provided by an arm's length company or outsourced.

14.3 **RESOLVED**

That Policy and Resources Committee:

A. **Note the context and rationale for sourcing decisions set out in sections 2-5 of this report;**

B. **Agree that:**

   i. **insourcing (including insourcing and trading);**

   ii. **service provision by an arm's length company (again including trading), and**

   iii. **disaggregation of the contract to remove the prime contractor role should all be considered as options when a significant contract is to be extended or replaced, and that the analysis should cover the aspects set out in section 6 of the report; and**

C. **Note the conclusions reached in section 6 of the report about specific categories of expenditure and:**

   i. **The work already undertaken, and that planned, in respect of IT contracts and highway service delivery; and**

   ii. **That Environment, Development and Transport Committee is expected to consider the procurement strategy for waste services beyond 2020 in November 2018, and ask that before any longer-term arrangements are made an options appraisal be completed including an assessment of whether any aspects of the service should be insourced or delivered by an arm's length provider.**

15 **Limited Company Consents**

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 asked the Committee to recommend to the County Council the appointment of Directors to companies in the Norse Group and a change in registered office for the Norse Group companies.

15.3 The Committee **RESOLVED to RECOMMEND:**

The appointment of Directors to companies in the Norse Group as detailed

in Appendix C to this report.

The change in registered office for Norse Group companies as detailed below:

In August the Group Solicitors team, which is responsible for the administration of the Norse Group company books will move to Fifers Lane. As the registered office of a company is where official communications are sent it would be appropriate to change the registered office of all the Norse Group companies to the Fifers Lane address (Addfills registered office is Fifers Lane) **280 Fifers Lane, Norwich, Norfolk, NR6 6EQ**.

16 **Notifications of Exemptions Under Contract Standing Orders**

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

16.2 The Committee received a report by the Executive Director of Finance and Commercial Services that set out the exemptions that had been made up to 13 June 2018 under paragraph 9.11 of Contract Standing Orders and that were over £250,000 and therefore needed to be notified to the Policy and Resources Committee.

16.3 **RESOLVED**

That Policy and Resources Committee:

As required by paragraph 9.12 of the Council's Contract Standing Orders, 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.

17 **Low Carbon Financial Instrument 2: An Economic Development Funding Opportunity**

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

17.2 The Committee received a report by the Executive Director of Community and Environmental Services about an opportunity to lead a regional Low Carbon Investment Fund over a 10-year period from 2019-2029, funded by the European Regional Development Fund. The Fund would invest £8m to support around 33 growing technology companies in the East of England with an average loan or equity investment of £245,000 per company, and leveraging in an estimated £19m private investment. The Fund would cover three LEP areas; New Anglia, Hertfordshire and the Cambridgeshire and Peterborough Combined Authority.

17.3 The Committee noted that the UEA was committing £1.1m of legacy funding from the original Fund to support a package of investment-readiness activity to sit alongside the £8m investment vehicle. This funding was already available through investment returns and would be contracted as a UEA commitment in the process of setting up the Holding Company.

17.4 The Committee also noted that taking on this role would enable the Council to maximise the opportunity for Norfolk businesses to benefit from investment from the Fund and would give the Council the ability to co-direct with UEA the reinvestment of returns. Norfolk County Council would therefore have a key role in the investment (and further re-investment) of returns in economic development activity over the long-term, a potentially significant opportunity for the Council.

17.5 **RESOLVED**

That Policy and Resources Committee agree:

1. **Norfolk County Council should submit a bid to the Ministry for Housing Communities and Local Government for £8m ERDF funding to deliver the proposed Low Carbon Financial Instrument.**
2. **To receive a paper in due course with a proposal to set up a Holding Company, in collaboration with UEA, to run the project, alongside a proposal to appoint Directors.**

18 **Effecting a Smooth and Timely Transition from a Committee to a Cabinet System of Governance**

18.1 The annexed report (18) by the Chairman of the Cabinet System of Governance Working Group was received.

18.2 The Committee received a report by the Chairman of the Cabinet System of Governance Working Group that set out the progress made in transitioning from a Committee to a Cabinet system of governance.

18.3 **RESOLVED**

That Policy and Resources Committee:

1. **Note the progress made by the Working Group;**
2. **Note the milestones for further activity (Appendix 1 of the report);**
3. **Endorse:**

- **The principles of the new governance system (paragraph 3.1 of the report)**
- **The proposed approach to the scheme of delegation (paragraph 4.1 of the report)**
- **The proposed scrutiny structure (paragraph 5 of the report)**
- **The overall proposed structure for further detailed development by officers (Appendix 2 of the report).**

19 **Officer Employment Procedure Rules**

19.1 The Committee considered an agenda item (19) that referred to Officer Employment Rules (Part 6.4 of the constitution) which set out the list of posts where Members were permitted to be formally involved in senior appointments. Currently the appointment of the Head of Communications was not included in this list and any member involvement was advisory. As this post was currently vacant, and given the political sensitivity of the council's communications function, the Managing Director had suggested that this was more appropriately a Member appointment.

19.2 It was noted that to make this change to the constitution this proposal would normally go via the Constitution Advisory Group (CAG). Members of CAG had been consulted and agreed that this proposal should be formally considered by this Committee to make a recommendation to Council in July 2018.

19.3 Members were asked to endorse a recommendation to Council that the position of Head of Communications was included in the list set out in Part A of the Appendix to Part 6 of the Constitution (Senior Officers which were appointed by a Member Panel).

19.4 Members asked that CAG should consider if there were any other senior officer positions that should be added to the list of appointments which were made by a Member Panel.

19.5 The Committee **RESOLVED to RECOMMEND to County Council:**

1. **That the position of Head of Communications is included in the list set out in Part A of the Appendix to Part 6 of the Constitution (Senior Officers which will be appointed by a Member Panel).**
2. **That the Constitution Advisory Group (CAG) should consider if there are any other Senior Officer positions that need be added to the list of appointments which are made by a Member Panel**

Section B – Items for Report

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

20.1 The Chairman fed back to Members on the outside bodies which he had attended since the last meeting of the Committee.

21 **Exclusion of the Public**

21.1 The Committee was asked to consider excluding the public from the meeting under Section 100A of the Local Government Act 1972 for consideration of the item below on the grounds it involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of the Schedule 12A to the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

21.2 Paragraph 3 stated “information relating to the financial or business affairs of any particular person” (including the Authority holding the information).

Having applied the “Public Interest Test” it was recommended the Committee confirm the exclusions listed below:-

21.3 The consideration of this item involved the discussion of business and commercial information including details about third party company operations, which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice internal and third party interests which might expose the Norfolk County Council to legal action in the future.

22 **Norwich Airport Ltd**

22.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services that provided an update on recent officer discussions with Norwich Airport Ltd and Norwich City Council about the future of the airport.

22.2 **RESOLVED**

That Policy and Resources Committee agree on the response that the County Council should make to the implications of the expiry of the Public Private Partnership Agreement and other matters that have been raised during the discussions. These were set out in the exempt report.

The public part of the meeting concluded at 12.10 pm and the exempt part at 12.50 pm.

Chairman

Policy and Resources Committee

Item No 7

Report title:	**Finance monitoring report P4: July 2018**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services**

Strategic impact

The Annexes to this report summarise the Period 4 (July 2018) forecast financial outturn position for 2018-19, 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 2018-19 Revenue and Capital Budgets, General Balances, and related financial information.

Members are asked to:

- **note the period 4 forecast general fund revenue overspend of £5.634m** (p2 £5.356m)**, noting also that Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends;**
- **note the forecast General Balances at 31 March 2018 of £19.536m, before taking into account any over/under spends;**
- **note the revised expenditure and funding of the current and future 2018-22 capital programme as set out in Appendix 3;**
- **approve, subject to internal due diligence and agreed legal terms, the addition of £3m to the capital programme relating to a capital loan to Norse Care Ltd, for the refurbishment of a care home for the elderly focussing on dementia care as set out in Appendix 3 paragraph 3;**
- **approve the addition of £2.75m to the capital programme to underwrite the acquisition of acquisition of leases on priority sites at the Great Yarmouth Energy Park as set out in Appendix 3 paragraph 4;**
- **approve the addition of £0.450m to the capital programme to meet farms capital projects, to be funded by future capital receipts as set out in Appendix 3 paragraph 5.**
- **Approve the addition of £2m to the Children's Services capital programme to replace revenue contributions which can be used to support the 2018-19 Children's Services revenue budget as set out in Appendix 3 paragraph 6.**

1. Introduction

1.1 On 12 February 2018, the County Council agreed a net revenue budget of £388.799m. 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, the forecast revenue outturn for 2018-19 is an overspend of **£5.634m** (p2 £5.356m).

3.2 The forecast assumes savings as reported separately to this Committee.

3.2 The Council's capital programme contains schemes approved by County Council on 12 February 2018, other capital funding secured and schemes re-profiled since budget setting.

4. Issues, risks and innovation

Risk implications - monitoring

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.

Officer Contact

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

Name	Telephone Number	Email address
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Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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Norfolk County Council

Appendix 1: 2018-19 Revenue Finance Monitoring Report Month 4

Report by the Executive Director of Finance and Commercial Services

1 Introduction

This report gives details of:

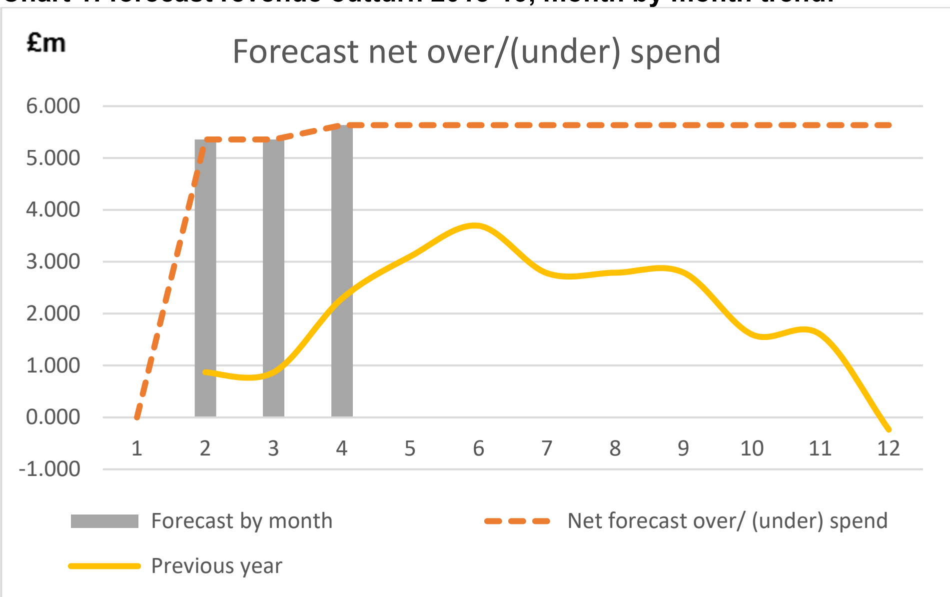
- the latest monitoring position for the 2018-19 Revenue Budget
- forecast General Balances and Reserves at 31 March 2019 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

At the end of July 2018 (month 4):

An overspend of **£5.634m** (p2 £5.356m) is forecast on a net budget of £388.799m.

Chart 1: forecast revenue outturn 2018-19, month by month trend:



2.1 The main reason for the forecast overspend is cost pressures associated with looked after children, children leaving care and legal costs, and Purchase of Care costs within Adult Social Services.

2.2 Although there is a net forecast overspend, officers are examining ways of improving the position to minimise any impact on the general fund at the year end.

Agreed budget, changes and variations

2.3 The 2018-19 budget was agreed by Council on 12 February 2018 and is summarised by service in the Council's Budget Book 2018-22 (page 20) as follows:

Table 1: 2018-19 original and revised net budget by service

Service	Approved net base budget	Revised budget P2	Revised budget P4
	£m	£m	
Adult Social Services	252.466	252.466	252.747
Children's Services	185.948	185.948	185.948
Community and Environmental Services	155.267	155.248	155.248
Managing Director's Department	8.449	8.484	8.484
Finance and Commercial Services	24.383	24.368	24.086
Finance General	-237.714	-237.714	-237.714
Total	**388.799**	**388.799**	**388.799**

2.4 During periods 3 and 4 there have only minor reallocations of ICT budgets between departments. Overall, the Council's net budget for 2018-19 remains unchanged.

2.5 **Savings targets**: The key savings targets required for the delivery of a balanced 2018-19 budget are covered in a separate report to this Policy and Resources Committee.

Revenue outturn – forecast over/underspends

2.6 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.

2.7 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 Revenue Annex 1 to this report, and are summarised in the following table:

Table 2: 2018-19 projected forecast (under)/over spends by service

Service	Revised Budget	Projected net (under)/ over spend	%	RAG
	£m	£m		
Adult Social Services	252.747	1.991	0.8%	A
Children's Services	185.948	3.284	1.8%	R
Community and Environmental Services	155.248	0.331	0.2%	G
Managing Director's Department	8.484	-0.013	-0.2%	G
Finance and Commercial Services	24.086	0.235	1.0%	G
Finance General	-237.714	-0.194	0.1%	G
Totals	**388.799**	**5.634**	1.4%	A

Notes:

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

2.8 The forecast overspend at the end of P4 relates mainly to Children's Services budgets, due to forecasts in relation to costs associated with looked after children and children with a high level of need. In addition, there are pressures on Purchase of Care costs within Adult Social Services.

2.9 Further details can be found in Revenue Annex 1 to this report, and in the finance monitoring reports to the 11 September 2018 Children's Services Committee, and the 3 September 2018 Adult Social Care Committee.

General balances and reserves

General balances

2.10 On 12 February 2018 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.301m through 2018-19. The balance at 1 April 2018 was £19.536m. The forecast for 31 March 2019 is unchanged at £19.536m, assuming a balance budget is achieved.

Reserves 2018-19 – opening balances

2.11 The use of reserves anticipated at the time of budget setting was based on reserves balances anticipated in January 2018. Actual balances at the end of March 2018 were higher than planned, mainly as a result of grants being carried forward, and reserves use being deferred.

Table 3a: Increase in reserves and provisions b'fwd over budget book assumptions

Reserves and provisions by service	Budget book forecast balances 1 April 2018	Actual balances 1 April 2018	Increase in opening balances after budget setting
	£m	£m	£m
Adult Social Services	17.316	33.675	16.359
Children's Services (inc schools, excl LMS)	5.133	7.955	2.822
Community and Environmental Services	31.943	36.504	4.561
Managing Director's Department	2.021	2.517	0.496
Finance & Commercial Services	2.266	3.353	1.087
Finance General	14.592	16.532	1.940
Total reserves and provisions (excl LMS)	**73.271**	**100.536**	**27.265**

Reserves 2018-19 – forecast closing balances

2.12 The 2018-19 budget was approved on the basis of a forecast reduction in earmarked reserves (including schools) from £72.7m to £63.8m during 2018-19, a net use of £8.9m.

2.13 The following table sets out the latest forecast balances for each service.

Table 3b: Forecast reserves and provisions at 31 March 2019

Reserves and provisions by service	Budget book forecast March 2019	Latest P4 forecast March 2019
		£m
Adult Social Services	10.906	26.065
Children's Services (excl LMS)	4.241	7.022
Community and Environmental Services	29.566	33.413
Managing Director's Department	1.993	1.724
Finance & Commercial Services	1.841	0.796
Finance General	15.288	15.035
Reserves and provisions	**63.835**	**84.055**

Forecast reserves at 31 March 2019 are £20m in excess of budget book assumptions.

2.14 **Provisions included in the figures above**

The table above include provisions of £30.3m at the start of the year. These comprise £11.0m insurance provision, £12.3m landfill provision, £6.5m provision for bad debts, and a small number of payroll related provisions.

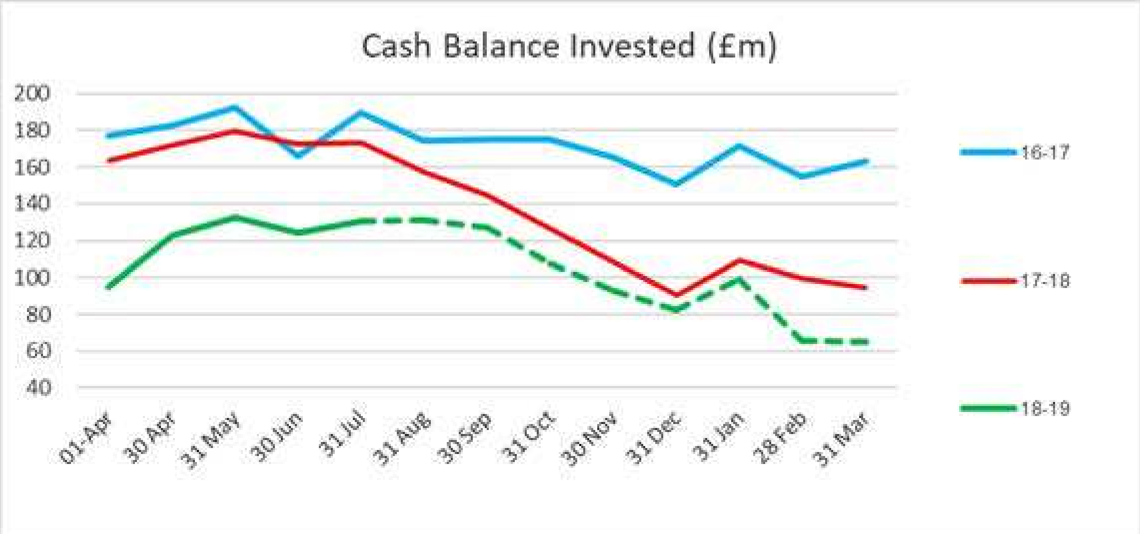
The £12.3m landfill provision is required for accounting purposes and is included in the CES figures above. This provision is not cash backed and cannot be used to support revenue or capital expenditure.

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 three years, and includes a forecast dashed green line to March 2019 based on projected cash receipts and expenditure at 31 July 2018).

Chart 2: Treasury Cash Balances



3.3 The balance shown above at the end of March 2017 (red line) was inflated by the addition of £40m PWLB (Public Works Loan Board) debt into cash balances which was spent in 2017-18 as the NDR neared completion. The balances towards the end of 2017-18 (red line) include an additional £20m of new PWLB borrowing. Borrowing of £30m was undertaken in the first 4 months of 2018-19 which is reflected in the graph. The projections reflect the annual pattern of known income streams.

3.4 The impact of the Pension Fund pre-payment recommended elsewhere in this agenda has not been factored into the graph above. If approved, cash balances will be temporarily reduced by approximately £50m in October 2018, with the reduction being eliminated by March 2020.

3.5 An additional tranche of PWLB borrowing has been taken in August: £10m at 2.38% repayable June 2068. This will increase the balances projected shown in the graph above.

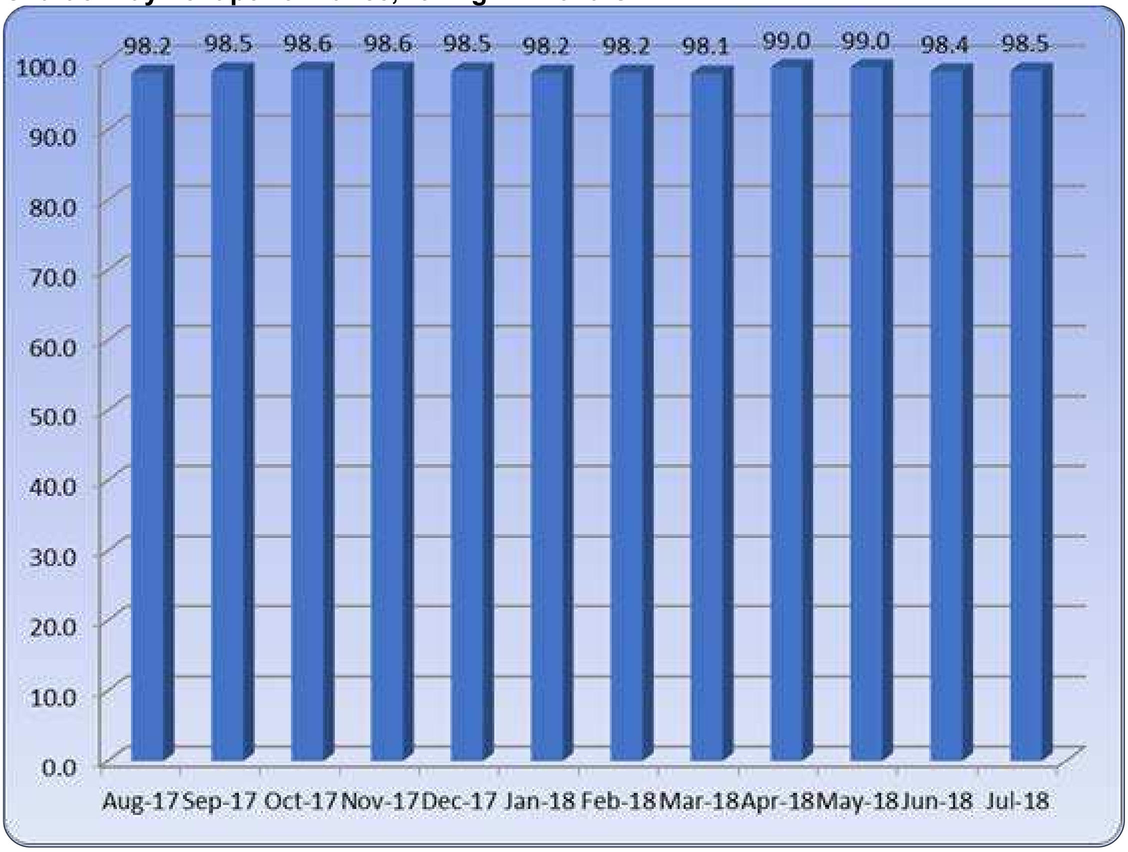
3.6 Given the reducing levels of projected cash balances and the current historically low interest rates, the Executive Director of Finance and Commercial Services is actively considered borrowing options. As a result, it is likely that some further borrowing will take place in 2018-19.

3.7 New borrowing will be applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of ‘carrying’ debt in the short term. The Council continues to use cash balances for this purpose, and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

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. Over 98% were paid on time in both June and July 2018. The percentage has not dropped below 98% in the last 12 months.

Chart 3: Payment performance, rolling 12 months



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

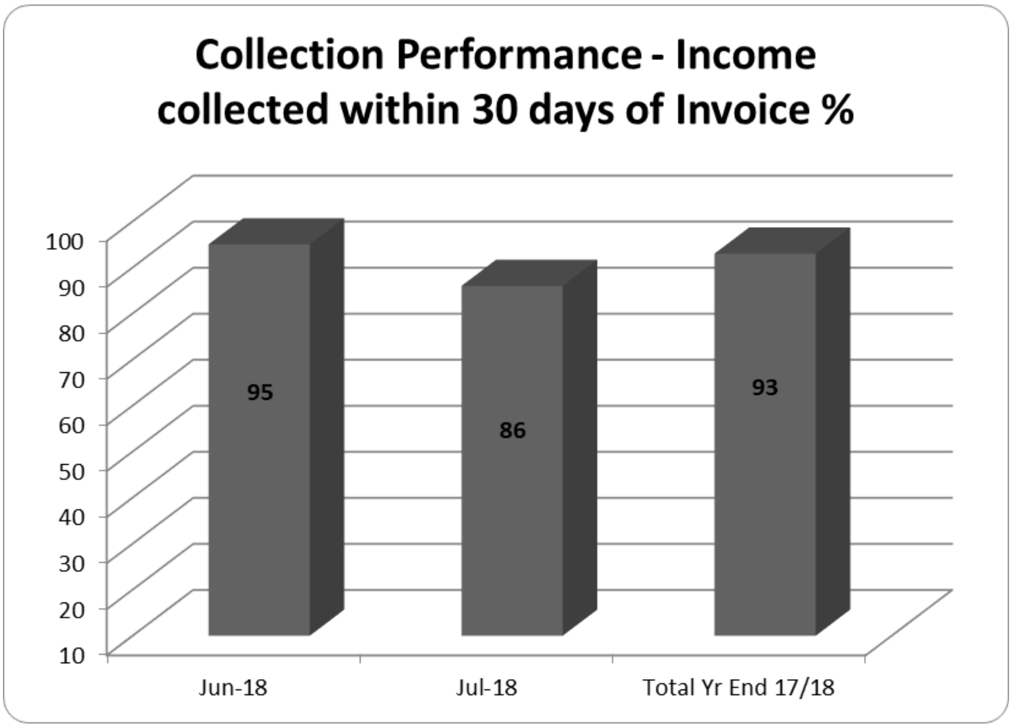
5 Debt recovery

5.1 **Introduction**: Each year the County Council raises over 150,000 invoices for statutory and non-statutory services totalling over £960m. 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 2017-18 93% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected within 180 days.

5.2 **Debt collection performance measures**

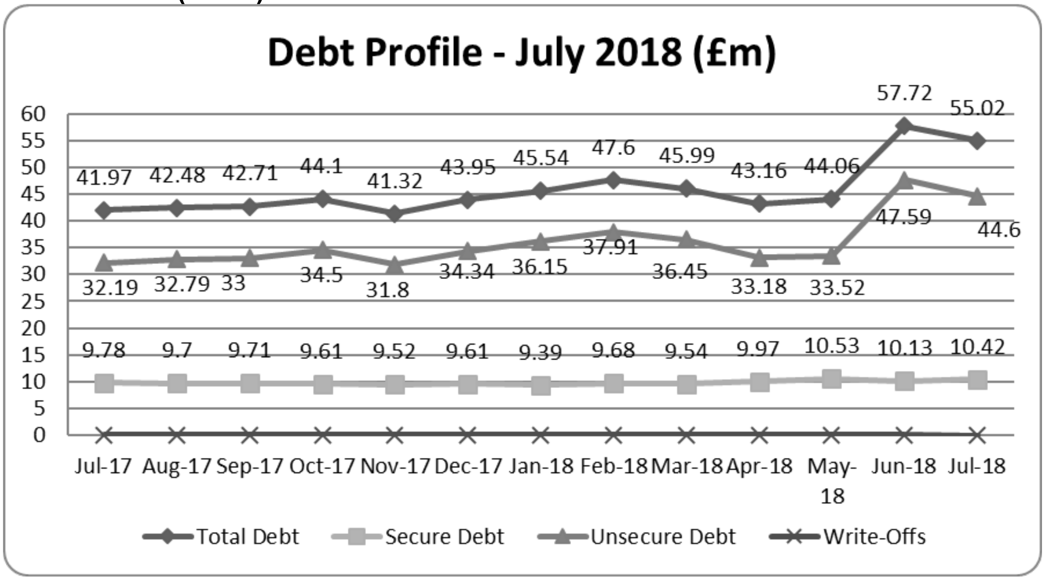
The proportion of invoiced income collected within 30 days for invoices raised in the previous month – measured by value – was 95% in June 86% in July 2018.

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 largest area of unsecure debt relates to charges for social care. Of the £31m unsecure social care debt at the end of July, £16.3m 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 £10.4m at the end of July 2018. Within this total £3.5m 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 or b) where a service has set up a bad debt provision, use of that provision.

5.7 For the period 1 April 2018 to 31 July 2018, 118 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £93,313.65. Since the 2017-18 outturn report, no debts over £10,000 have been written off.

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	252.747	1.991	0.8%	254.738
Children's Services	185.948	3.284	1.8%	189.232
Community and Environmental Services	155.248	0.331	0.2%	155.579
Managing Director's Department	8.484	-0.013	-0.2%	8.471
Finance and Commercial Services	24.086	0.235	1.0%	24.321
Finance General	-237.714	-0.194	0.1%	-237.908
Forecast outturn this period	**388.799**	**5.634**	**1.4%**	**394.433**
Totals previous report	388.799	5.356	1.4%	394.155

Reconciliation between current and previously reported underspend

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

	£m
Forecast overspend brought forward	**5.356**
Movements June/July 2018	
Adult Social Services	-
Children's Services	-0.091
Community and Environmental Services	0.331
Managing Director's Department	-0.013
Finance and Commercial Services	0.235
Finance General	-0.184
Forecast over/(under) spend P4	**5.634**

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	593.662	599.549
Total corporate resources	32.852	32.792
Corporate resources as %age	5.5%	5.5%
Corporate resources as ratio	1/18	1/18

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 this period
	£m	£m	£m
Adult Social Services			
Business Development		-0.136	0.050
Commissioned Services	0.085		0.128
Early Help & Prevention	0.103		0.100
Services to Users (net)	3.189		0.351
Management, Finance & HR		-1.250	(0.629)
Forecast over / (under) spend	**3.377**	**-1.386**	**0**
	1.991		

Children's Services	Projected over spend	Projected under spend	Changes this period
Spending increases and reductions	£m	£m	£m
Leaving care client costs	0.946		0.302
Staying put grant losses	0.000		-0.273
Legal costs	0.600		0.000
Child with disabilities with extreme nursing needs	0.461		0.149
Staffing costs	1.819		1.051
Troubled Families Grant Loss	0.000		-0.328
Home to School Transport	0.450		0.000
Placement costs	1.009		1.009
Early Help vacancies		-0.113	-0.113
Independent Reviewing Officer	0.080		0.080
PFI Budget		-0.160	-0.160
Educational Psychology	0.350		0.350
School Attendance		-0.208	-0.208
Vacant school property costs	0.250		0.250
Use of reserves and balances		-0.200	-0.200
Schools capital funded by borrowing		-2.000	-2.000
Dedicated schools grant			
Post-16 further education high needs top-up funding	0.825		0.272
Non-maintained special school placements	1.847		
Alternative education contracts	0.520		
Maintained special school places	2.972		2.750
Personal budgets	0.145		0.145

DSG adjustments		-3.286	-3.286
DSG (funded through a loan from LMS balances that will need to be repaid in future years)		-3.023	0.119
Forecast over / (under) spend	**12.274**	**-8.990**	**-0.091**
	3.284		

Community and Environmental Services	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Communities Committee			
Culture and Heritage	0.067		0.067
Director of Public Health		-0.046	-0.046
Fire Service	0.440		0.440
EDT Committee			
Business Support and development		-0.130	-0.130
Forecast over / (under) spend	**0.507**	**-0.176**	**0.331**
	0.331		

Resources, Finance and Finance General	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics		-0.057	0.057
Communications	0.180		0.072
Strategic Delivery Unit			
Norfolk Futures			
Human Resources	0		-0.215
Democratic Services		-0.147	0.062
Nplaw	0.011		0.011
MD's Office			
Forecast over / (under) spend	**0.191**	**-0.204**	**-0.013**
	-0.013		
Finance and Commercial Services			
Finance (excl Fin Gen)			-
Property	0.235		0.235
Procurement			-
IMT (see Digital Innovation & Efficiency Committee Finance Monitoring report for breakdown)			-
Print & Phone Recharges			-
Forecast over / (under) spend	**0.235**		**0.235**
Finance General (see Revenue Annex 2 for further details)			
Section 31 Business rates cap compensation		-0.433	

Additional Local Services Support Grant - free travel		-0.162	-0.162
Satellite offices cost of lease surrender	0.536		
Member's allowances		-0.027	0.015
Audit fees		-0.044	0.011
Land drainage levy		-0.016	
Interest on balances		-0.048	-0.048
Forecast over / (under) spend	**0.536**	**(0.730)**	**(0.184)**
		(0.194)	

Norfolk County Council

Revenue Annex 2: Policy and Resources budget summary

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.

2018 / 19	Current Budget	Forecast	Over / (Under) spend
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics	0.819	0.762	-0.057
Communications	0.786	0.966	0.180
Strategy & Delivery Unit	0.596	0.596	0
Norfolk Futures	0.500	0.500	0
Human Resources	3.314	3.314	0
Democratic Services	3.113	2.966	-0.147
Nplaw	-0.656	-0.645	0.011
MD's Office	0.336	0.336	0
Shared Services Contribution	-0.356	-0.356	0
Print Service Recharges	0.032	0.032	0
	8.483	**8.483**	**-0.013**
Finance and Commercial Services (note 1)			
Finance	6.133	6.133	-
Procurement	1.143	1.143	-
	7.276	**7.276**	**-**
Finance General			
Section 31 Business rates cap compensation			-0.433
Additional Local Services Support Grant			-0.162
Satellite offices cost of lease surrender			0.536
Member's allowances			-0.027
Audit fees			-0.044
Land drainage levy			-0.016
Interest on balances			-0.048
			-0.194
Total P&R Committee			-0.207

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 contain rounding differences.

The Finance General forecast underspend is explained below.

2 Finance General over and underspends

Explanations for the Finance General forecasts are as follows:

Section 31 Business rates cap compensation (forecast underspend £0.433m)
This forecast underspend relates to additional business rates income which will be confirmed when NNDR3 returns are completed.

Additional Local Services Support Grant - free travel (forecast underspend £0.162m)
This forecast underspend relates to additional unringfenced Local Services Support Grant relating to extended rights to free home to school transport.

Satellite offices costs of lease surrender (forecast overspend £0.536m)
A property strategy with the aim of reducing the number of Council offices and therefore running costs will result in staff being moved into County Hall.

Member's allowances (forecast underspend £0.042m)
Early estimate of underspend in member's allowances budget based on expenditure to date.

Audit fees (forecast underspend £0.055m)
Confirmation of reduction in external audit fees following Public Sector Audit Appointments Ltd (PSAA) appointment of Ernst Young as Norfolk County Council's external auditor.

Land drainage levy (forecast underspend £0.016m)
Environment Agency precept greater than expected.

Interest on balances (forecast underspend £0.048m)
The 2018-19 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. The cost and timing of borrowing has resulted in a forecast underspend.

Norfolk County Council

Appendix 2: 2018-19 Capital Finance Monitoring Report

Report by the Executive Director of Finance and Commercial Services

1 Capital Programme 2018-19

1.1 On 20 February 2018, the County Council agreed a 2018-19 capital programme of £238.098m with a further £190.812m allocated to future years', giving a total of £428.910m.

1.2 Additional re-profiling from 2017-18 resulted in an overall capital programme at 1 April 2018 of £309m plus £164m of new grant funded highways schemes. Further in-year adjustments have resulted in the latest capital programme shown below:

Table 1: Capital Programme budget

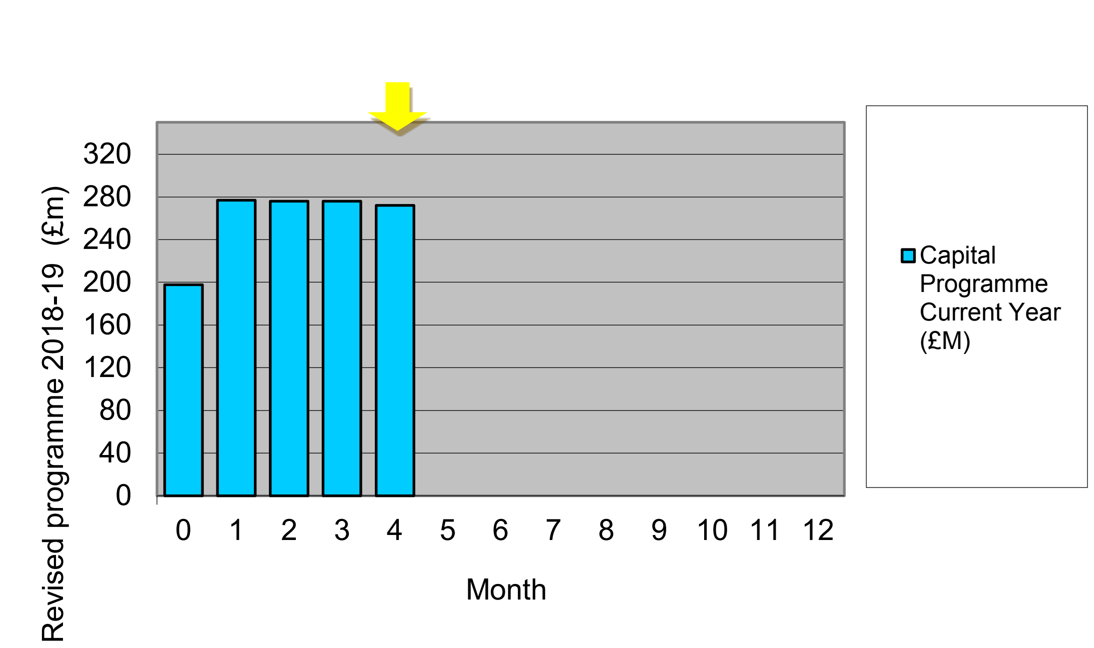
	2018-19 budget	Future years
	£m	**£m**
New schemes approved February 2018, funded from borrowing	114.976	122.411
Previously approved schemes brought forward	123.122	68.401
Totals in 2018-22 Budget Book (total £428.910m)	**238.098**	**190.812**
Deduct new externally funded highways schemes (see 1.2 above)	-79.118	-85.329
Schemes re-profiled after budget setting	31.884	4.086
Other Adjustments, including additional grants	8.360	
Capital Programme Outturn excl new highways (£308.794m)	**199.224**	**109.569**
Statutory accounting adjustment	-1.496	
Highways grant funded schemes, assumed to be added to programme as grant funding confirmed £164.447m	79.118	85.329
Revised opening capital programme (total £471.7440	**276.846**	**194.898**
Re-profiling since start of year	-4.467	4.467
Other movements – including addition of highways schemes	-0.460	11.500
Capital programme budgets latest (total £482.784m)	**271.919**	**210.865**

Note: this table and the tables below contain rounding differences

Changes to the Capital Programme

1.3 The following chart shows changes to the 2018-19 capital programme through the year.

Chart 1: Current year capital programme through 2018-19



1.4 Month "0" shows the 2017-18 outturn future capital programme excluding new grant funded highways schemes, which are added in month 1. The arrow shows the latest position.

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

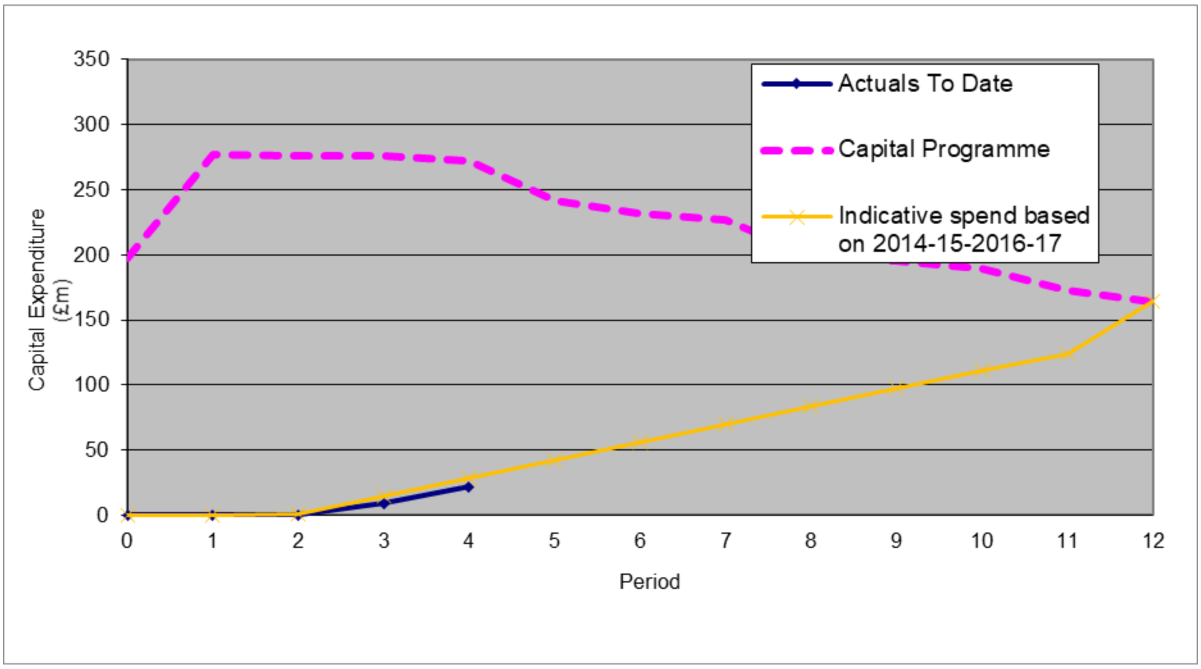
Table 2: Service capital budgets and movements 2018-19

Service	Revised opening programme	Previously reported programme	Reprofiling since last report	Other Changes since last report	2018-19 Current Capital Budget
	£m	£m	£m	£m	£m
Children's Services	87.764	87.764	-3.924	10.040	93.880
Adult Social Care	13.196	13.196	0.000	1.978	15.173
Community & Environmental Services	120.175	119.685	-0.568	-13.831	105.286
Managing Director's Department		0			
Finance & Comm Servs	55.710	55.71	0.025	1.843	57.578
Total	276.845	**276.355**	**-4.467**	**0.030**	**271.918**
				-4.437	

Note 1: this table may contain rounding differences
Note 2: To avoid double counting in future reports, approved grant funded highways schemes are shown separately. These schemes will be confirmed as and when funding is secured

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

Chart 1: capital programme indicative trends and progress



1.7 The chart shows actual expenditure (blue line) had not exceeded year end accruals at the end of period 2, with spend of approximately £10m per month since then. The pink and yellow lines show the projected budget movements and spend respectively. The current year’s budget is expected to decrease as projects are re-profiled into future years when timing becomes more certain.

1.8 The revised programme for future years (2019-20 to 2021-22) is as follows:

Table 3: Capital programme 2019-22

Service	**Outturn future capital programme**	**Previously reported future programme**	**Reprofiling since last report**	**Other Changes since last report**	**2018+ Future Capital Budget**
	£m	**£m**	**£m**	**£m**	
Children's Services	45.424	**45.424**	3.924	0.500	49.848
Adult Social Care	7.284	**7.284**			7.284
Community & Environmental Services	37.213	**122.542**	0.568	11.000	134.110
Managing Director’s Department		**0**			0
Finance & Comm Servs	19.648	**19.648**	-0.025		19.623
Total	**109.569**	**194.898**	**4.467**	**11.500**	210.865
				15.967	

Note: 1) this table may contain rounding differences

Financing the capital programme

1.9 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.

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

Table 4: Financing of the capital programme

Funding stream	2018-19 Programme	Future Years Forecast
	£m	£m
Prudential Borrowing	116.835	67.152
Use of Capital Receipts		
Revenue & Reserves	0.067	
Grants and Contributions:		
DfE	58.392	46.412
DfT	40.149	87.029
DoH	6.721	
DCLG	0.359	
DCMS	0.699	3.580
Developer Contributions	24.761	2.532
Other Local Authorities	2.286	3.580
Local Enterprise Partnership	17.080	
Community Infrastructure Levy	1.977	0.500
National Lottery	0.195	
Other	2.398	0.079
Total capital programme funding £482.783m	**271.918**	**210.865**

Note: this table may contain rounding differences

1.11 Significant funding from capital receipts is 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.

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

1.13 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 Capital Receipts

2.1 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.

2.2 The capital programme, approved in February 2018, 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. It included a table of potential property sales

Table 6a: Capital programme property disposal schedule estimates £m

Property sales potential	2018-19	2019-20	2020-21
	£m	£m	£m
General	3.517	0.017	0.740
Farms	0.946	1.885	1.460
Major development sites	3.650	3.600	
	8.113	**5.502**	**2.200**

2.3 The current revised schedule for disposals is now broken down by chance of sale within the year, as follows:

Table 6b: Disposals by chance of sale within year £m

Chance of sale	Potential receipt £m
Receipts secured	0.074
High	0.973
Medium	1.661
Low	1.332
Major development sites	5.400
Maximum receipts potential	**9.440**

Additions to the capital programme

3 Norse Care Ltd loan – refurbishment of care home £3m

3.1 A detailed proposal has been received from Norse Care Ltd requesting a capital loan of £3m for the refurbishment and re-opening of a decommissioned residential care home for the elderly, focussing on dementia care for self-funding private payers whose financial resources are above threshold levels.

3.2 Norse Care is part of the Norse Group, a wholly-owned subsidiary of Norfolk County Council and the loan will be at a commercial rate of interest repayable over 15 years. Before the loan can be given, it needs to be added to the Council's capital programme.

3.3 Norse Care has a long-term contract with the Council for the provision of care services across Norfolk. The Contract was set up on the premise that older homes would be decommissioned and new provision developed under a programme of transformation. This scheme will add to the new dementia care provision opened at Gorleston in 2014, and Bowthorpe in 2016.

3.4 The loan will be financed through the Council's prudential borrowing and is subject to internal due diligence and agreement of legal documentation. Funding for the repayment of the borrowing and interest will be through a loan agreement with Norse Care.

3.5 To manage risks to the Council, interest will be charged at a commercial rate, the Council will take a first charge over the property. The proposed £3m funding gives a loan to value ratio of 78%. Subject to final documentation, loan repayments will take place over 15 years in equal instalments from project completion.

4 Great Yarmouth Energy Park (South Denes) £2.75m

4.1 As reported to this Committee on 23 March 2015, in November 2012 the Great Yarmouth Development Board commissioned a regeneration plan for an area of land in South Denes. The majority of the site's freehold is owned by Great Yarmouth Borough Council, but subject to long leases.

4.2 The aim of the project is to create a 50-acre Energy Park, suitable as a base for the offshore gas and wind industry supply chain, capitalising on future business to be generated by the East Anglia Array wind farm. The Borough Council allocated £0.250m of capital receipts to the project, and the then Leader of Norfolk County Council agreed that the balance required of £2.75m be funded through the Norfolk Infrastructure Fund (which at the time was funded by prudential borrowing supported by the County Council's share of second homes income).

4.3 Investment in the scheme is a pooled arrangement with capital receipts being re-invested until completion of the Delivery Strategy. Upon completion of the project, the available pooled funds will be used to return any upfront investment to the partners. Losses or surpluses will be shared by partners, with any surpluses reinvested in future regeneration projects. It is recommended that £2.75m is added to the capital programme to enable the Council to fulfil its commitment to this project. This is a maximum figure, as the profile of expected acquisitions and disposals means that the full amount may not be needed at any one time.

5 Farms additional capital projects 2018-19

5.1 The County Farms Team is seeking additional capital funding of £450,000 for the current financial year to meet identified capital projects including completing the asbestos survey of all farm premises, the rebuilding of an estate roadway, two replacement farm dwellings and investment in new general purpose buildings and upgrades to existing buildings. The request for additional funding is a result of additional projects being identified as necessary this financial year. Where possible, capital projects have been deferred to future financial years to minimise the call on additional funding.

5.2 Benefits to the Estate of this investment include, in the case of the asbestos survey, meeting the Council's statutory duties as a landowner. Rebuilding the roadway assists the Council in meeting its obligations as landlord. In respect to the other projects mentioned, this investment will ensure that the Estate is fit for purpose by providing modern facilities which will underpin current levels and future rent increases. Where the capital investment (in a building) is new provision or an improvement rather than replacement, an estate infrastructure charge will be levied on the tenant.

5.3 It is proposed that the additional capital funding borrowing being requested will be repaid from future capital receipts over the next two financial years from disposals of surplus Estate assets and property for redevelopment.

6 Children's Services – prudential borrowing

6.1 An amount of £2.0m funding is likely to be received from revenue sources for capital purposes. This proposal is to replace the revenue funding with prudential borrowing, such that the funding can be re-allocated back to revenue, and can therefore be used as a one-off source to support the 2018-19 Children's Services revenue budget.

7 Capital programme planning - Meeting Special Educational Needs

7.1 A report entitled "Meeting Special Educational Needs & Disabilities (SEND) Quality, Sufficiency and Funding" was presented to the 10 July 2018 Children's Services Committee. The report may result in capital expenditure and proposals are being further developed.

Capital Annex 1 - changes to capital programme since last P&R Committee

Changes to capital programme since last P&R report							
			18-19	18-19	19-20+	19-20+	
Service	**Project**	**Funding Type**	**Change (£m)**	**REPROFILE**	**Change (£m)**	**REPROFILE**	**Reason**
Adult Social Care							
	ICES Equipment	Borrowing	1.978				Borrowing to replace revenue funding used in 2017-18
Total Adult Social Care			**1.978**	**-**	**-**	**-**	
Children's Services							
	D - ICT, Devolved budgets & Other Schemes	Internal	- 0.059				£0.040m revenue contribtion received from schools. £0.098m refunded as schools coverted to Academy.
	A1 - Major Growth	External	1.500		0.500		£2m CIL received and allocated to Hethersett Academy and Hethersett Junior Reorg
	Developer Contributions	External	6.654				£1.8m S106 from Aylsham development - £3.3m from development at Sprowston and £1.5m from other smaller developments
	B9 - Targetted Need	External	0.456				Healthy pupil Grant - To be used towards facilities at schools to improve both pysical and mental health - to be allocated
	D - ICT, Devolved budgets & Other Schemes	External	1.124				£1.191m DFC allocation for 2018-19, £0.047m Refund DFC on Academy conversions
	D - ICT, Devolved budgets & Other Schemes	External	0.019				Refresh cont/refund
	C2 - Major Capital Maintenance	Sif	0.030				Rev contribution from Opportunity Area Norwich to fund Nursery feasibility studies
	C2 - Major Capital Maintenance	Borrowing	0.316				Replacing revenue used 17/18 with borrowing
	A1 - Major Growth	External		1.770		- 1.770	3.4m basic need reprofiled for allocation. Scarning reprofiled as per CAR. Attleborough Junior reprofiled as works on car park delayed. St Michaels reprofiled as only in feasiblity stage at present. Poringland reprofiled as phase 3 won't start until next financial year.
	A2 - Master Planning	External		- 1.000		1.000	Trowse reprofiled as land purchase not confirmed, earlierst start 2019-20
	A3 - Area Growth & Reorganisation	External		- 3.038		3.038	Little Plumstead delayed as unsure of pupil numbers. Attleborough High unlikely to start until 2019-20. Holt primary - Still in discussions concerning land
	A4 - Growth Minor Adj	External		- 1.636		1.636	Hoveton reprofiled as planning & construction in 2019-20. Roydon reprofiled as per updated cost report.
	B4 - Early Years	External		- 0.020		0.020	St Clements primary Academy reprofiled as will complete this year but final fees and final account likely 2019-20
Total Children's services			**10.040**	**-3.924**	**0.500**	**3.924**	

Highways	NDR	Borrowing	-2.725				Funding adjustment to reflect latest forecast
Highways	Various	SIF	0.093				Internal funding for Thetford Enterprise park and Heacham roundabout
Highways	NDR	Borrwing	3.800				Replacing LEP funding applied 2017-18 with borrowing
Highways	Various	Borrwing	2.300				Replacing funding used for over accrual with borrowing
Highways	Various projects - funding anticipated	External	38.212				DfT funding anticipated for approved highways capital programme
Highways	Various projects	External	0.477				CIL funding approved highways capital programme
Highways	Various projects incl Third River Crossing	External	17.080				LEP funding towards approved highways capital programme
Highways	Various projects	External	2.208				S106 funding approved highways capital programme
Highways	Various projects	External	2.286				Funding from Other Local Authorities
Highways	Various projects	External	0.294				External contributions
Highways	Adjustments reversing initial capital programme estimate		-79.118				Adjustment for highways total budget previously assumed
Fire	NCC fire service swipe cards	Borrowing		-0.140		0.140	Reprofiled as project on hold
Fire	Unallocated capital funds	Borrowing	0.789				Replacing revenue used 17/18 with borrowing
Better Broadband	Better Broadband	Borrowing			11.000		New borrowing approved County Council 16 April 2018: Next Generation Access Broadband contract
EDT Other	Various	Borrowing		-0.166		0.166	Reprofiling Digital development, Single employee portal & Customer Services Strategy
Library	Developer Contributions	External	0.003				New S106 funding for The Saltings
Library	Library Building Improvements	Borrowing	0.470	-0.262		0.262	Replacing revenue applied 2017-18 with borrowing
Total CES			**-13.831**	**-0.568**	**11.000**	**0.568**	
Capital loans facility							
Finance	Automation of manual HR processes	Borrowing & Capital Receipts	0.150				New approved funding
Offices	Accommodation rationalisation	Borrowing & Capital Receipts		0.025		-0.025	Reprofiled for use in year
County Farms	Puchase of land at havlergate	Borrowing & Capital Receipts	1.693				New borrowing for purchase of land at Halvergate
Total Finance			**1.843**	**0.025**	**0.000**	**-0.025**	
Total			**0.030**	**-4.467**	**11.500**	**4.467**	

Policy and Resources Committee

Item No 8

Report title:	**Delivering Financial Savings 2018-19**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Simon George – Executive Director of Finance and Commercial Services**

Strategic impact

This report provides details of the forecast year-end position in respect of the delivery of the 2018-19 savings agreed by the County Council at its budget meeting 12 February 2018. The realisation of planned savings is central to the achievement of a balanced outturn position for the year and also impacts on planning for the 2019-20 Budget.

Executive summary

County Council agreed savings of £29.999m for the year as part of the 2018-19 budget setting process. This report provides Members with details of the forecast outturn position in delivering these savings.

The report particularly comments on the exceptions to successful delivery which have been rated RED or AMBER.

Members are recommended to consider:

a) the total projected shortfall of £5.264m in 2018-19, which amounts to 18% of total savings;
b) the budgeted value of 2018-19 savings projects rated as RED of £1.042m, of which £0.214m are forecast to be delivered;
c) the budgeted value of 2018-19 savings projects rated as AMBER of £14.645m, of which £9.989m are forecast to be delivered;
d) the budgeted value of GREEN and BLUE rated projects of £14.312m, where we are forecasting to deliver £14.532m.
e) the forecast non-delivery and delay of savings totalling £3.200m in 2019-20, £1.000m in 2020-21 and £0.500m in 2021-22, which have been reflected in budget planning.

1. Savings overview

1.1. The County Council, as part of setting its budget for 2018-19, agreed net savings of £29.999m. A summary of the total savings, including the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the 2018-19 budget process, is provided in this report. Full details of savings can be found in the 2018-19 Budget Book.[1]

2. RAG ratings

2.1. The definition of RAG rating levels used during the year 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. The information in this report is informed by monitoring reports to Service Committees. The decision to rate a project as RED is based on the criteria shown above, which ensures that a common standard across all Service Committees is maintained in the monitoring for Policy and Resources.

2.3. As at Period 4 monitoring, the RAG status and forecast savings delivery is anticipated as shown in the table.

Table 2: 2018-19 savings by RAG status

RAG Status	Budgeted value of savings 2018-19	Percentage of total savings value	Previous forecast savings 2018-19 (Period 2)	Savings Outturn Forecast 2018-19 (Period 4)	Change in savings position	Savings shortfall 2018-19
	(a)	(b)	(c)	(d)	(c)-(d)	(a)-(d)
	£m	%	£m	£m	£m	£m
Red	-1.042	3%	-0.050	-0.214	0.164	-0.828
Amber	-14.645	49%	-9.989	-9.989	0.000	-4.656
Green / Blue	-14.312	48%	-14.712	-14.532	-0.180	0.220
Total	**-29.999**	**100%**	**-24.751**	**-24.735**	**-0.016**	**-5.264**

2.4. Three savings projects have been rated as RED, representing a budgeted total savings value of £1.042m. £0.214m of these savings are forecast to be

[1] https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en

delivered as set out in Table 2. This represents a shortfall of £0.828m (2.8% 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 £14.645m. £9.989m of these savings are forecast to be delivered. This represents a shortfall of £4.656m (15.5% of total budgeted savings), which relates to AMBER rated projects.

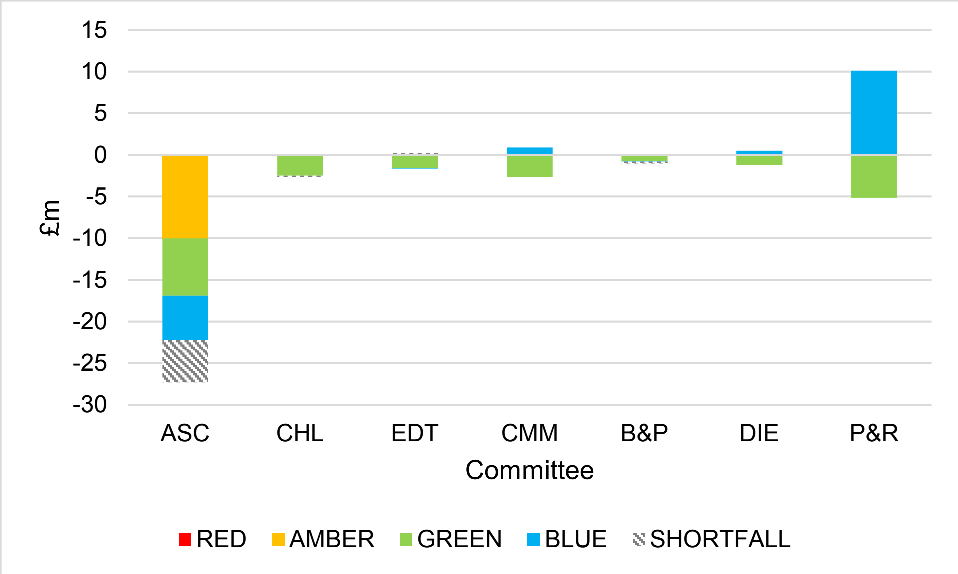
2.6. One saving rated as GREEN is forecast to be overachieved by £0.220m in 2018-19.

2.7. This results in a **total shortfall of £5.264m** forecast at year end.

Table 3: Committee analysis of 2018-19 savings forecast and RAG status

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	-0.050	0.000	0.000	0.000	-0.164	0.000	0.000	**-0.214**
Amber	-9.989	0.000	0.000	0.000	0.000	0.000	0.000	**-9.989**
Green / Blue	-12.145	-2.499	-1.660	-1.803	-0.651	-0.726	4.952	**-14.532**
Total	**-22.184**	**-2.499**	**-1.660**	**-1.803**	**-0.815**	**-0.726**	**4.952**	**-24.735**
Savings (shortfall) / over delivery	-5.106	-0.142	0.220	0.000	-0.236	0.000	0.000	**-5.264**
Total	**-27.290**	**-2.641**	**-1.440**	**-1.803**	**-1.051**	**-0.726**	**4.952**	**-29.999**

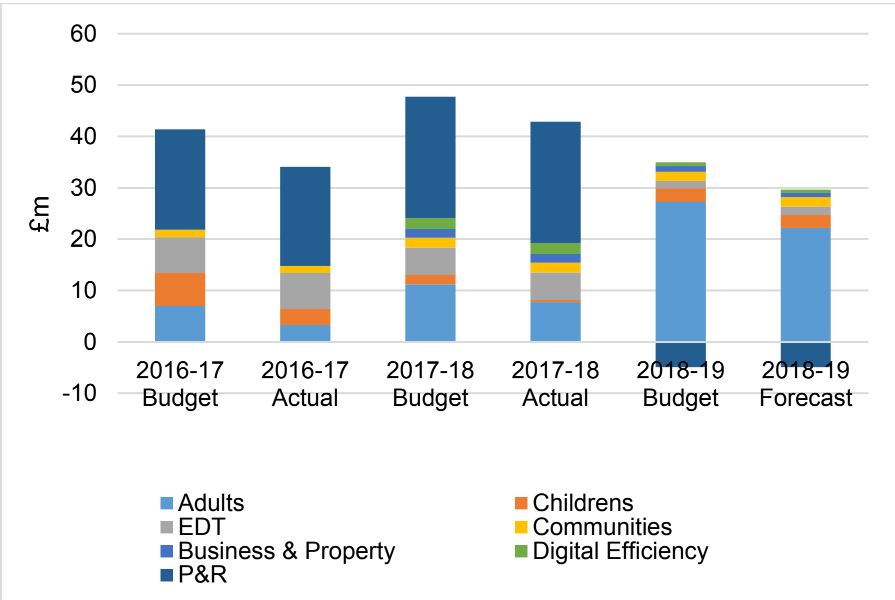
Figure 1: Committee analysis of 2018-19 savings forecast and RAG status



3. Delivery of savings

3.1. The graph below shows the delivery of savings against budget by Committee, with comparative data for 2016-17 and 2017-18.

Figure 2: Savings targets and actual / forecast delivery by Committee



3.2. The 2018-19 budget monitoring report elsewhere on this agenda sets out details of the forecast overall outturn position for the year. Actions may be required during the year within Service budgets to find offsetting savings to mitigate any non-delivery of savings 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 2018-19 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2018-19 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 in order to minimise risks to the Council's overall financial position and support the delivery of the 2018-19 Budget.

3.3. Wider actions that are being taken within each Committee to deliver savings will be reported to Policy and Resources Committee through the year.

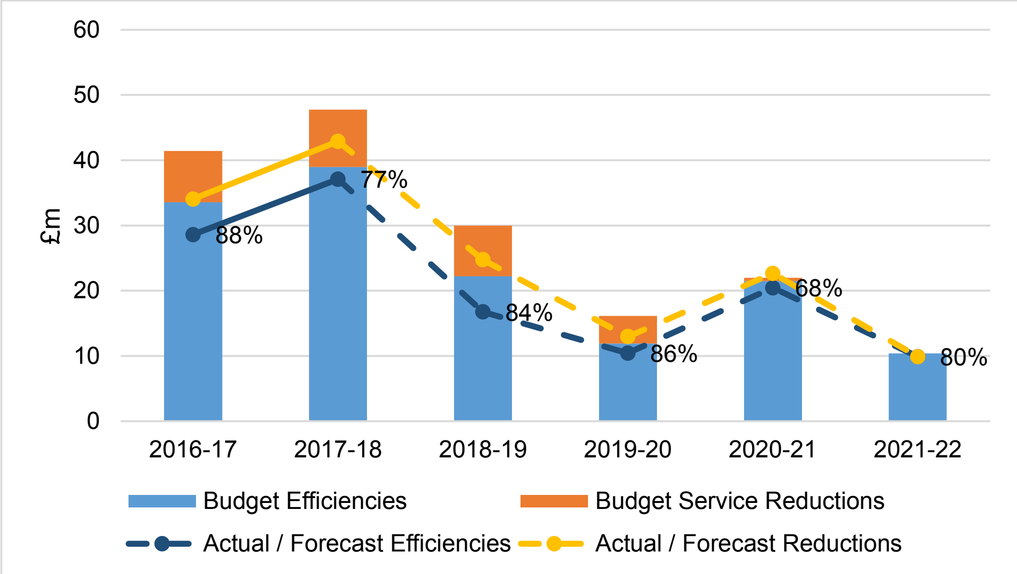
3.4. Planned savings for 2018-19 have been analysed to provide the split between back office savings and those with an impact on front line services as shown in the table below.

Table 4: Forecast delivery of savings by type

	2018-19	2019-20	2020-21	2021-22	2018-22 Total
	£m	£m	£m	£m	£m
Efficiency savings and increasing income	-6.259	-1.722	-10.473	-9.900	**-28.354**
Efficiency savings – providing statutory services differently	-10.490	-8.700	-10.000	0.000	**-29.190**
Reducing service standards and ceasing services	-7.986	-2.535	-2.200	0.000	**-12.721**
Forecast savings delivery	**-24.735**	**-12.957**	**-22.673**	**-9.900**	**-70.265**
(Shortfall) / over delivery	-5.264	-3.200	0.700	-0.500	**-8.264**
Total planned savings	**-29.999**	**-16.157**	**-21.973**	**-10.400**	**-78.529**

3.5. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2015-16. In 2018-19, 74% of savings are budgeted to be achieved through efficiencies.

Figure 3: Savings – support services compared to front line



4. Commentary on savings rated RED

4.1. Three savings have been rated as RED in respect of 2018-19, representing a savings shortfall of £0.828m within RED rated projects. Commentary on the RED rated savings is provided below.

Adults

- Saving ASC008 Promoting Independence - Housing with Care – shortfall **£0.450m**: The department is currently developing a robust business case and revenue model as part of the work of its newly formed Older People Housing Board. Through work between internal officers, consultants and external partners, such as the district and borough councils, we will look to develop a number of new units within Norfolk. This will provide older people in Norfolk a more independent alternative to residential care. The variance in savings delivery is again the direct result of the time it takes develop and build these new units.

Children's

- Saving CHL042 Reduction in legal expenses – shortfall **£0.142m**: Forecast overspend on the budget due to high level of tribunal cases and other proceedings. It is expected the pressure can be reduced by increased focus on managing this spending area. This will include ensuring legal resource is not used for elements of case preparation that can be carried out more efficiently by other teams.

Business and Property

- Saving P&R027 Property savings – shortfall **£0.236m**: Progress has been made against the delivery of the savings targets for 2018–19 with planned exits from a number of key buildings including Vantage House. However, a more detailed assessment is being undertaken of the obligations and opportunities within the current budget and the outcome will be reported at a later Committee meeting.

5. Commentary on savings rated AMBER

5.1. Four savings have been rated as AMBER in respect of 2018-19, representing a savings shortfall of £4.656m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

Adults

- Saving ASC006/ASC011/ASC015 Promoting Independence for Younger Adults – shortfall **£2.718m**: The department has a structured programme of work to focus on our service offer for people with a Learning Disability (LD), which is held to account by an LD Steering Group and LD Partnership Board. This underpins the work required to implement the LD Strategy. The variance in savings delivery is the direct result of the time it takes to support and promote a person's independence when they have previously been receiving a different type or level of care services. Many of the people who access our services, may well have been in receipt of these services for a significant period. With people who are currently not receiving adult services, but may be supported by Children's or Education services, we are working with our colleagues in Children's services to develop a new Preparing for Adulthood service.

- Saving ASC006/ASC011/ASC015 Promoting Independence for Older Adults – shortfall **£0.566m**: The department is reformulating its social work offer, starting with its Community Care teams, by implementing a roll-out of the Living Well: 3 Conversations model of social work. The initial Community Innovation sites have seen promising results in terms of outcomes for people and delaying the need for formal care. The variance in savings delivery is the direct result of the time it takes to fully imbed this model and begin to realise the full benefits of the new ways of working.

- Saving ASC013 Radical review of daycare services – shortfall **£1.235m**: As part of the LD strategy, the department will have a revised Day Services offer for people with a Learning Disability. The focus will be on community participation, targeted support (with a skills and employment focus) and locality hubs for those with complex needs. To begin this transformation five providers will begin pilots lasting for the next 12 months to reshape the offer. The variance in savings delivery is the direct result of the time it takes to evolve these services and support and enable existing people accessing the services.

- Saving ASC034 Prevent carer breakdown by better targeted respite – shortfall **£0.137m**: Whilst we continue to review and enhance our support towards Carers, including the development of a Carers charter, we have presently been unable to recruit to a new key operational carers post that will be the lead in the development of our social care practice. The arrangements for driving forward this area of change are being considered as a result of the recruitment slippage, including a review of the grading for this post by HR Reward. The commissioned support provided by Carers Matters for unpaid carers are working in a preventative model with carers that promotes independence and ensures early support and advice for carers. Workshops with unpaid carers have been held in three sessions across the county as part of the work underway to shape the respite offer for unpaid carers going forward.

6. Commentary on overachieved savings

6.1. One saving is currently forecast to overachieve by £0.220m in 2018-19.

Saving EDT055 Change the construction and demolition waste concession at all recycling centres – overachievement of **£0.220m**: As part of setting the 2018-19 budget for the Recycling Centre service we expected to be able to deliver a £0.280m saving by changing the charges for DIY construction and demolition waste (and potentially more, once in operation and we could fully assess the impact). Based on the current information available we expect the reduction to be in the region of £0.500m. This overachieved saving is anticipated to be required to mitigate spending pressures in other areas of CES budgets in 2018-19.

7. 2019-20 to 2021-22 savings

7.1. Budget setting in 2018-19 saw the approval of £16.157m savings for 2019-20, £21.973m for 2020-21 and £10.400m savings for 2021-22. The deliverability of these are being reviewed as part of the 2019-20 budget process with the result that budget planning work has identified risks totalling **£3.200m for 2019-20**, **£1.000m for 2020-21** and **£0.500m for 2021-22**.

The following savings are therefore forecasting non-delivery or delay, which is reflected in budget planning as set out in the Strategic and Financial Planning report elsewhere on the agenda.

- Property savings (£1.500m 2019-20, £1.000m 2020-21, £0.500m 2021-22) – **shortfall** in future year Property savings and income targets. A detailed assessment is being undertaken of the obligations and opportunities within current budget plans. The outcome will be reported to a future Committee meeting.

- CHL041 (£1.700m 2019-20) – **delay** to part of the £3.000m saving from remodelling the Children's Centre offer to 2020-21.

- CHL044 LAC savings – Children's Services LAC budget pressures have been identified in budget planning for 2019-20. The impact of these pressures on the deliverability of LAC savings in 2019-20 and future years will need to be reviewed.

8. Summary

8.1. The forecast outturn savings position for planned savings shows shortfalls of £5.106m in Adult Social Care, £0.142m in Children's Services and £0.236m in Business and Property. This is partially offset by the over delivery of £0.220m in Environment, Development and Transport. Service Committees continuing to maintain a strong focus on the delivery of savings will be critical to supporting the achievement of the Council's budget plans for future years.

Background Papers

Budget Book 2018-19 https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en

Norfolk County Council Revenue and Capital Budget 2018-22 (Item 4, County Council 12 February 2018)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/592/Committee/2/SelectedTab/Documents/Default.aspx

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Planned savings 2018-22 and 2018-19 forecast

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
COM040/ ASC003	Transport savings including reducing provision and reducing any subsidy paid by the Council	-0.700	-1.000			-0.700
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway	-5.630	-5.307	-5.000		-3.378
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway	-1.632	-3.393	-5.000		-1.434
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-1.164				-0.698
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-3.033				-2.665
ASC007	Promoting Independence - Reablement	-0.500				-0.500
ASC008	Promoting Independence - Housing with Care	-0.500	-0.500			-0.050
ASC009	Promoting Independence - Integrated Community Equipment Service	-0.250				-0.250
ASC013	Radical review of daycare services	-2.500				-1.265
ASC016-019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-3.400				-3.400
ASC020	Remodel contracts for support to mental health recovery	-0.275				-0.275
ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-0.230				-0.230
ASC032	Review charging policy to align to actual disability related expenses	-0.400				-0.400

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
ASC033	Accommodation based reablement	-0.550				-0.550
ASC034	Prevent carer breakdown by better targeted respite	-0.686				-0.549
ASC035	Investment and development of Assistive Technology approaches		-0.300	-0.500	-0.700	0.000
ASC036	Maximising potential through digital solutions	-0.049	-0.951	-2.000	-3.000	-0.049
ASC037	Strengthened contract management function	-0.300	-0.300	-0.200	-0.200	-0.300
ASC038	Procurement of current capacity through NorseCare at market value		-0.600	-1.000		0.000
ASC039	Capitalisation of equipment spend	-2.300				-2.300
ASC040	Reduction in funding for invest to save	-0.191				-0.191
ASC041	One-off underspends in 2017-18 to be used to part fund 2018-19 growth pressures on a one-off basis	-3.000	3.000			-3.000
Adults Total		**-27.290**	**-9.351**	**-13.700**	**-3.900**	**-22.184**
CHL013	Update our budget for retirement costs for teachers	-0.100				-0.100
CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.309				-0.309
CHL041	Remodel the children's centre service offer	-2.000	-3.000			-2.000
CHL042	Reduction in legal expenses	-0.142	-0.142			0.000
CHL043	Reduce the reliance on agency social workers through the improved permanent recruitment and retention		-0.200			0.000
CHL044	Reduced Looked After Children's costs through implementation of the Demand Management and Prevention Strategy transformation programme		-1.000	-2.000	-2.000	0.000
CHL045	Increased income received for Early Years training	-0.090				-0.090

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
Children's Total		**-2.641**	**-4.342**	**-2.000**	**-2.000**	**-2.499**
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				-0.200
EDT028	Intelligent transport systems	-0.085				-0.085
EDT032	Waste Strategy - focussed on waste reduction and minimisation				-1.850	0.000
EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	0.030				0.030
EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17	1.500				1.500
EDT049	Succession of milder winters justifies a reduction in the winter maintenance budget	-0.400				-0.400
EDT050	Improved management of on-street car parking		-0.150	-0.350		0.000
EDT051	Re-profiling the public transport budget	-0.250				-0.250
EDT054	Reducing spend on non-safety critical highway maintenance	-0.200				-0.200
EDT055	Change the construction and demolition waste concession at all recycling centres	-0.280				-0.500
EDT056	Reduce waste reduction activity	-0.150				-0.150
EDT057	Further roll-out of street lighting LEDs	-0.160	-0.160			-0.160
EDT059	Changing back office processes and efficiency	-0.085				-0.085
EDT060	Capitalisation of activities to release a revenue saving	-1.065				-1.065
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.095				-0.095
Environment, Development and Transport Total		**-1.440**	**-0.310**	**-0.350**	**-1.850**	**-1.660**

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
CMM022	Libraries and Information Service - re-model of service and income generation	-0.387	-0.235			-0.387
CMM023	Fire and Rescue Service - sharing headquarters and control room at Police HQ and capitalisation of activities to release a revenue saving	-0.490				-0.490
CMM036	Registration Service income generation - develop business opportunities within the service to generate additional income.	-0.080				-0.080
CMM039	One-off saving through re-setting budgets for leased equipment	0.090				0.090
CMM040	Capitalisation of library books 16-17	1.000				1.000
CMM042	Providing a joined up Library and Children's Centre Services			-0.500		0.000
CMM043	Income generation – Norfolk Museums Service	-0.070		-0.400		-0.070
CMM044	Income generation – Norfolk Records Office	-0.030				-0.030
CMM045	Income generation – Norfolk Community Learning Services			-0.125		0.000
CMM046	Income generation – Library and Information Service		-0.020	-0.111		0.000
CMM047	Registrars Service – external income	-0.120	-0.100	-0.150		-0.120
CMM048	Changing back office processes and efficiency	-0.043				-0.043
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.025				-0.025
CMM050	Vacancy management – customer services	-0.120	-0.030			-0.120
CMM051	Norfolk Community Learning Services – remodelling the staff structure, including staffing reduction	-0.150	-0.050			-0.150
CMM052	Capitalisation of activities to release a revenue saving	-0.030				-0.030

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
CMM053	Reduction in Healthwatch grant	-0.189				-0.189
EDT058	Vacancy management and streamlined management arrangements	-0.159				-0.159
CMM054	Using Public Health Grant funding to support the delivery of Public Health activity throughout the Authority	-1.000		-1.500	-1.500	-1.000
Communities Total		**-1.803**	**-0.435**	**-2.786**	**-1.500**	**-1.803**
EDT020	Economic development match funding - Cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities.	-0.051				-0.051
P&R027 /P&R058 /P&R060	Property savings 2017-20 Budget	-0.400	-1.000	-0.650	-0.650	-0.164
B&P001	Property – return from property development company – Repton Property Developments Ltd		-0.500	-1.000	-0.500	0.000
B&P002	Property – further centralisation of existing property budgets	-0.400	-0.400	-0.400		-0.400
B&P003	Property – seeking opportunities to reduce fees paid to NPS	-0.100	-0.100			-0.100
B&P004	Property – reducing facilities management costs	-0.075	-0.075			-0.075
B&P005	Economic Development - Closer/joint working with New Anglia Local Enterprise Partnership	-0.025				-0.025
Business and Property Total		**-1.051**	**-2.075**	**-2.050**	**-1.150**	**-0.815**
EDT048	Use of Better Broadband Reserves	0.500				0.500
P&R050/ P&R062/ P&R063/ P&R064	2017-20 budget round savings relating to IMT (Finance and Commercial Services)	-1.226				-1.226
P&R082	Release ICT lease budget no longer required		-0.059			0.000

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
DIE001	IMT – various savings within IMT including: · Exit from the HPE contract · Restructuring and headcount reduction (management and technical support costs) · Income generation, particularly services for schools		-0.941	-0.700		0.000
Digital Innovation and Efficiency Total		**-0.726**	**-1.000**	**-0.700**	**0.000**	**-0.726**
P&R050 /P&R062 /P&R063 /P&R064	2017-20 budget round savings relating to Procurement (FCS)	-0.063				-0.063
P&R051	Raising revenue by an increased ESPO dividend	-0.100				-0.100
P&R052	Cutting costs through efficiencies: work across Teams to deliver reductions in cost and headcount over two years	-0.500				-0.500
P&R066	Second Homes income	-0.722				-0.722
P&R076	Insurance Fund contribution	1.350				1.350
P&R077	Implementation of Minimum Revenue Provision policy	0.136	0.290			0.136
P&R078	Remove use of capital receipts in 17-18 to fund MRP	4.000				4.000
P&R081	Remove one-off use of reserves to be identified in June 2017	5.813				5.813
P&R083	Nplaw services - external income	-0.100	-0.100	-0.150		-0.100
P&R084	Internal Audit - income generation	-0.010				-0.010
P&R085	Finance service - income generation	-0.050				-0.050
P&R086	Coroners relocation to County Hall		-0.042	-0.050		0.000
P&R087	Reduce the budget for the Equality and Diversity Team which is spent on supporting community events	-0.025				-0.025
P&R088	Coroners mortuary facilities	-0.025	-0.025			-0.025
P&R090	Finance Exchequer Services savings	-0.300	-0.060			-0.300

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Forecast £m
P&R091	Procurement - capitalisation	-0.050				-0.050
P&R092	Finance service - vacancy review	-0.100				-0.100
P&R093	Use of general capital receipts in 18-19 to fund MRP	-2.000	2.000			-2.000
P&R094	Use of airport deferred capital receipts in 18-19 to fund MRP	-0.840	0.840			-0.840
P&R095	Second homes council tax		-0.722			0.000
P&R096	Increased ESPO dividend	-0.200				-0.200
P&R098	Increased NORSE dividend	-0.250	-0.750			-0.250
P&R099	Managing Director's Department savings to be identified including use of one-off reserves in 2018-19	-0.574	-0.075	-0.187		-0.574
P&R100	Second Homes NIF	-0.438				-0.438
Policy and Resources Total		**4.952**	**1.356**	**-0.387**	**0.000**	**4.952**
Norfolk County Council Total		**-29.999**	**-16.157**	**-21.973**	**-10.400**	**-24.735**

Policy and Resources Committee

Item No 9

Report title:	**Strategic and Financial Planning 2019-20 to 2021-22**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services – Simon George Strategy Director – Fiona McDiarmid**

Strategic impact

The Council has a robust and well-established framework for strategic and financial planning which updates the Medium Term Financial Strategy (MTFS) position throughout the year to provide Members with the latest available financial forecasts to inform wider budget setting work across the organisation. This report forms part of that process. For 2019-20, the budget planning process is closely aligned with the Council's Strategy, Norfolk Futures.

This report provides the Policy and Resources Committee with the latest information about the Council's budget planning for 2019-20 to 2021-22.

Executive summary

This report provides Policy and Resources Committee with the latest update on the strategic context for budget setting, including details of announcements with the potential to impact on the financial position. It sets out the Council's responses to two recent consultations, relating to the proposed CIPFA Financial Resilience Index and the Government's Technical Consultation on the 2019-20 Local Government Finance Settlement.

The report summarises the Council's current budget planning position, including details of issues and actions being taken by Service Committees to support the whole Council to set a balanced budget for 2019-20. The report also provides Members with an overview of the approach to developing savings for 2019-20 for the Policy and Resources Committee's own budgets ahead of the detailed proposals being presented in October.

Policy and Resources Committee is recommended to:

1) **Note the revised MTFS forecast gap of £45.322m (table 1) for the period 2019-20 to 2021-22, which assumes that new savings can be identified at the required level of £22.089m for 2019-20;**

2) **Consider the Service Committee budget setting issues and pressures identified (section 5) and the implications for the Council's 2019-20 Budget, which have been reflected in the updated MTFS position set out in this report (section 2 and table 1);**

3) Agree the latest budget planning position and associated council tax assumptions, including that future year budget planning should be based on an increase in council tax of 1.99% in 2021-22, which will ultimately be subject to agreement by Full Council in the relevant year;

4) In relation to the Committee's own budgets:

a) Consider and identify any further key areas of risk in relation to 2019-22 budget planning for the Committee's budgets, including any additional pressures and the robustness of existing planned savings as set out in section 3, noting that any changes may impact on the overall budget gap and will require additional offsetting savings to be found;

b) Agree the proposed approach and key themes to focus on in developing savings proposals for 2019-20 to 2021-22, including how the principles of the Council's Strategy, Norfolk Futures, will inform and shape budget planning activity set out in section 3, having regard to the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round (table 3); and

c) Commission officers to develop detailed savings proposals to be presented to the Committee for consideration at the October meeting in order to help close the forecast 2019-20 to 2021-22 budget gap.

5) Note the implications of the technical consultation on the local government finance settlement 2019-20 and the outline terms of the response submitted by the Council (section 4);

6) Subject to discussions by Norfolk Leaders and in the event that a bid is to be submitted, agree the principle of an application to become a Business Rates Pilot in 2019-20, delegating authority to the Executive Director of Finance and Commercial Services (in consultation with the Leader) to submit a bid in partnership with Norfolk district councils, noting the associated risks in the absence of a "no detriment" offer; and

7) Note the proposals for development of a Financial Resilience Index by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the response submitted by the Council (Appendix 1).

1. Introduction

1.1. The County Council agreed the 2018-19 Budget and Medium Term Financial Strategy (MTFS) to 2022 at its meeting 12 February 2018. At that point, the MTFS identified a budget gap of £94.696m for the period 2019-20 to 2021-22.

1.2. On 16 July 2018, this Committee received a report setting out how the 2019-20 budget planning process would be aligned with the Council's Strategy, Norfolk Futures. Policy and Resources Committee agreed:

- That the principles of the Council's Strategy, Norfolk Futures, will inform and shape 2019-22 budget planning activity;
- Updated budget assumptions and key areas of risk in relation to 2019-22 budget planning;
- The forecast budget gap of £94.696m reflecting changes from the 2018-22 Medium Term Financial Strategy;
- The budget planning principles and guidance for 2019-20, commissioning Service Committees to begin developing their savings proposals with initial reporting in September;
- The indicative savings targets 2019-20 to 2020-21, noting the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round; and
- The budget planning timetable.

1.3. In September, Service Committees are beginning their detailed budget planning by discussing both their approach to savings development and any key risks for the Council's budget process. Detailed savings proposals for 2019-20 will be presented to Policy and Resources Committee in October following consideration by Service Committees.

1.4. Since the last report to Policy and Resources Committee, there have been a number of announcements with potential implications for the Council and this report provides further details of these.

2. Medium Term Financial Strategy – update

2.1. The Medium Term Financial Strategy (MTFS) was agreed in February 2018 including £78.529m of savings and with a remaining gap of £94.696m. The MTFS provided the starting point for the Council's 2019-20 Budget planning activity. Full details of cost pressures assumed in the Council's MTFS are set out in the 2018-19 Budget Book.[1]

2018-19 budget position

2.2. The latest information about the 2018-19 budget position is set out in the budget monitoring report elsewhere on the agenda. Budget planning for 2019-20 is based on the assumption that the 2018-19 Budget is fully delivered (i.e. that all savings are

[1] https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en

achieved as planned and there are no significant overspends). Further pressures in the forecast 2019-20 Budget have been provided for as detailed below.

Updated Medium Term Financial Strategy

2.3. Following the feedback from Service Committees (set out in further detail in section 5 of this report), this paper sets out the latest planning information and an updated budget position for Policy and Resources Committee's consideration. Corporate pressures have also been identified relating to:

- Adjustments to salary scales required in 2019-20 in response to the two-year pay award; and
- Challenges in achieving property savings (including income targets).

2.4. Changes in the Council's funding assumptions (particularly in relation to council tax, the tax base and collection fund as discussed more fully below) have mitigated some of the identified pressures. It is also considered that the Council will need to use a significant level of capital receipts to help balance the budgets in future years of the MTFS. Officers are therefore reviewing how additional capital receipts of £10m could be generated in both 2020-21 and 2021-22. Due to regulations currently in place, capital receipts can be used to fund certain items that are normally seen as revenue costs:

- Transformation funding (e.g. Social Care transformation, redundancy costs).
- To reduce MRP by directly repaying debt.
- Using capital receipts to fund short-life capital assets, thereby reducing ongoing MRP.

2.5. Over the past four years, the council has released capital receipts averaging £4.5m per annum. As a way of bridging the gap whilst government funding is reduced, it is proposed to increase this by £10m per annum in 2020-21 and 2021-22 as set out above. £10m represents approximately 1.5% of the Council's assets on its balance sheet (land and buildings and surplus assets as at 31 March 2018). Further details of which assets are to be proposed for disposal will be brought forward for members' consideration. **A variety of options will be considered prior to recommending a disposal including 'self-development' or commercialisation**. All asset disposals will be undertaken in line with the Council's Financial Regulations, which set out that:

- Land and buildings declared surplus by a service are considered by the Corporate Property Strategy Group and reported to the Business and Property Committee.
- Disposals will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded by the General Disposal Consent (England) 2003.
- **NCC operates an 'open market value' disposals policy whereby all assets sold or transferred to community groups (including Parish and Town Councils) are done so at the market value of the site.**
- All disposals are to be made by the Corporate Property Officer (Head of Property).
- All disposals over £0.500m require approval by the Business and Property Committee (disposals below this threshold but above £0.025m require consultation with the Chair of the Committee).

- All decisions to dispose at less than best consideration are referred to the Business and Property Committee.

2.6. Taking these changes into account, the latest gap position indicates a **reduced forecast gap of £45.322m for the period 2019-20 to 2021-22**. This is based on an assumption that collectively Service Committees are successful in identifying savings at the indicative level required for next year (as identified in the July Policy and Resources report), which would result in **a small gap of £0.609m remaining to be closed in 2019-20**.

2.7. Policy and Resources Committee will receive a further update on the overall gap position for the County Council in October. The budget position and the associated assumptions are kept under continuous review, and will be updated to reflect any changes arising from the Government's Autumn Budget, or further information about the Council's funding position, as it becomes available up until budget-setting by County Council in February.

Table 1: Latest forecast budget gap 2019-20 to 2021-22

	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m
Forecast gap as reported to September Service Committees **(agreed at 16 July 2018 Policy and Resources)**	**22.089**	**48.454**	**24.153**	**94.696**
Pressures				
Children's Services budget pressures including LAC	5.000	2.000	2.000	**9.000**
Children's Preventing Radicalisation pressure	0.120	0.000	0.000	**0.120**
Children's Centres saving delay	1.700	-1.700	0.000	**0.000**
Adult market pressures	2.000	0.000	0.000	**2.000**
Leap year pressure in Adult Social Care	0.550	-0.550	0.000	**0.000**
Property savings (including income targets) at risk	1.500	1.000	0.500	**3.000**
Pressure from 2019-20 national pay award and associated salary scale changes	0.345	0.000	0.000	**0.345**
Total new pressures	**11.215**	**0.750**	**2.500**	**14.465**
Proposed mitigations				
Collection Fund	-4.688	0.000	0.000	**-4.688**
Council tax tax base (additional 1.5%)	-5.918	-6.305	-6.341	**-18.564**
MRP pressure reprofiled	0.000	-5.000	5.000	**0.000**
Additional capital receipts	0.000	-10.000	0.000	**-10.000**
2% Council Tax increase 2021-22	0.000	0.000	-8.498	**-8.498**
Total mitigations	**-10.606**	**-21.305**	**-9.839**	**-41.750**
Delivery of 2019-20 savings target (as identified at 16 July 2018 Policy and Resources)	-22.089	0.000	0.000	**-22.089**
Latest forecast gap for planning purposes **(24 September 2018 Policy and Resources)**	**0.609**	**27.899**	**16.814**	**45.322**

2.8. In view of the level of budget gap and the difficulty in identifying future year savings, Policy and Resources Committee is recommended to consider incorporating a **planning assumption that council tax in 2021-22 be increased by 1.99%, as reflected in the above table**. The level of council tax is ultimately subject to agreement by Full Council each year, and there will be an opportunity to consider the required level of council tax in light of any future Government announcements relating to the Fair Funding Review and Comprehensive Spending Review. The MTFS planning position set out in this paper is therefore based on the council tax increase assumptions shown in the table below (and also assumes there is no scope to increase the Adult Social Care precept in 2019-20 under the current terms set out by Government). All planning assumptions are still based on RSG (expected to be £38.810m in 2019-20) being entirely removed by 2020-21.

Table 2: Council Tax assumptions (as per Policy and Resources Committee 24 September 2018)

	2019-20	2020-21	2021-22
Assumed increase in general council tax	2.99%	1.99%	1.99%
Assumed increase in Adult Social Care precept	0.00%	0.00%	0.00%
Total assumed council tax increase	**2.99%**	**1.99%**	**1.99%**

2.9. The planned 2.99% increase in council tax is based on the current understanding of updated assumptions and flexibility offered by the Government in the 2018-19 local government finance settlement. Any reduction in this increase will require additional savings to be found. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year.

2.10. Assumptions around increases in the council tax base have been increased to 2.0% (from the original assumption of 0.5% annual growth), based on recent trends.

Key budget risks 2019-20

2.11. Uncertainties remain about a number of items **which have <u>not</u> currently been reflected in the budget planning assumptions**, but which could potentially result in an increase in the overall gap. As a result, additional pressures, which have not currently been provided for, may arise in 2019-20 relating to:

- Further pressures arising within Service Committee budgets including:
  - SEN High Needs pressures (Children's);
  - Pressures relating to the Health system (Adults);
- Impact of the potential transfer of Norfolk Fire and Rescue Service to the Police and Crime Commissioner;
- Increasing the level of the General Fund reserve; and
- Changes in the forecast 2018-19 level of savings delivery to allow for any mitigation of undeliverable savings.

2.12. The risks and assumptions relating to the 2019-20 Budget will continue to be monitored and updated as budget planning activity proceeds.

3. Policy and Resources Committee budget proposal areas / themes

3.1. The budgets controlled by Policy and Resources committee are both the back office functions of the council and some of the large corporate budgets contained within Finance General (Central Pension budgets for example).

3.2. Officers are exploring options for making savings in the back office, in particular off the back of the Norfolk Futures, Digital Norfolk workstream.

3.3. In addition, officers are reviewing some of the large assumptions in the budget, in particular Pensions costs (as described elsewhere on the agenda), treasury and Minimum Revenue Provision assumptions.

3.4. As described in the pressures section of table 1, it is likely that some of the Property savings will need to be re-phased. Savings from the reduction in the size of the corporate estate tend to arrive in "lumps" as properties are released, and some re-phasing is likely to be required for the next three years. Ultimately it is anticipated that the savings will still be achieved.

3.5. Existing savings in the Council's MTFS are shown by Committee in the table below. These are the savings agreed as part of the 2018-19 (and earlier) budget process, and will need to be delivered in addition to any new savings proposed to close the remaining budget gap. The second table provides further details of the Committee's existing savings.

Table 3: Planned net recurring savings 2018-19 to 2021-22

Committee	2018-19 Saving £m	2019-20 Saving £m	2020-21 Saving £m	2021-22 Saving £m	Total Saving £m
Adult Social Care	-27.290	-9.351	-13.700	-3.900	-54.241
Children's Services	-2.641	-4.342	-2.000	-2.000	-10.983
Environment, Development and Transport	-1.440	-0.310	-0.350	-1.850	-3.950
Communities	-1.803	-0.435	-2.786	-1.500	-6.524
Business and Property	-1.051	-2.075	-2.050	-1.150	-6.326
Digital Innovation and Efficiency	-0.726	-1.000	-0.700	0.000	-2.426
Policy and Resources[2]	4.952	1.356	-0.387	0.000	5.921
Grand Total	**-29.999**	**-16.157**	**-21.973**	**-10.400**	**-78.529**

Table 4: Policy and Resources Committee previously agreed savings detail

Ref	SAVINGS	2018-19 Saving £m	2019-20 Saving £m	2020-21 Saving £m	2021-22 Saving £m
P&R050 /P&R062 /P&R063 /P&R064	2017-20 budget round savings relating to Procurement (Finance and Commercial Services)	-0.063			
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	-0.100			

[2] The net savings position for Policy and Resources Committee reflects the reversal of a number of significant one-off savings from 2017-18, such as the use of the Insurance Fund and the use of Capital Receipts totalling £11.299m. The gross savings to be delivered by Policy and Resources Committee budgets in 2018-19 are £6.347m.

Ref	SAVINGS	2018-19 Saving £m	2019-20 Saving £m	2020-21 Saving £m	2021-22 Saving £m
	and increase its market presence outside of its traditional operating area, resulting in an increased dividend				
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			
P&R066	Second Homes council tax income	-0.722			
P&R076	Insurance fund contribution	1.350			
P&R077	Implementation of MRP policy	0.136	0.290		
P&R078	Remove use of capital receipts in 17-18 to fund MRP	4.000			
P&R081	Remove one-off use of reserves identified in June 2017 (to support 2017-18 investment in Children's Services)	5.813			
P&R083	NPLaw services - external income	-0.100	-0.100	-0.150	
P&R084	Internal Audit - income generation	-0.010			
P&R085	Finance service - income generation	-0.050			
P&R086	Coroners relocation to County Hall		-0.042	-0.050	
P&R096	Increased ESPO dividend	-0.200			
P&R098	Increased NORSE dividend	-0.250	-0.750		
P&R087	Reduce the budget for the Equality and Diversity Team which is spent on supporting community events	-0.025			
P&R088	Coroners mortuary facilities	-0.025	-0.025		
P&R090	Finance Exchequer Services savings	-0.300	-0.060		
P&R091	Procurement - capitalisation	-0.050			
P&R092	Finance service - vacancy review	-0.100			
P&R093	Use of general capital receipts in 18-19 to fund MRP	-2.000	2.000		
P&R094	Use of airport deferred capital receipts in 18-19 to fund MRP	-0.840	0.840		
P&R095	Second Homes council tax income		-0.722		
P&R099	Realignment of budgets to reflect new departmental structures and revised plans for savings delivery including use of one-off reserves in 2018-19	-0.574	-0.075	-0.187	
P&R100	Second Homes contribution to Norfolk Infrastructure Fund	-0.438			
		4.952	**1.356**	**-0.387**	**0.000**

4. Government announcements since July P&R

4.1. Since the previous Strategic and Financial Planning report to Policy and Resources Committee, the Government has published a technical consultation on the local government finance settlement 2019-20.[3] The consultation was published on 24 July and ran for eight weeks, with responses required by 18 September 2018. At the time of publishing this report, the consultation response is being finalised.

4.2. The consultation covers the following matters of particular relevance to the County Council, and a summary of the Council's anticipated response is below:

- **Multi-year settlement** offer – the Government intends to confirm the settlement figures for 2019-20, meaning that the Council will have certainty over the settlement figures currently included in next year's budget planning.
- **Council tax referendum principles** for 2019-20 – the Government is "minded to" confirm a council tax referendum limit of 3% for 2019-20 and a continuation of the Adult Social Care precept on the existing principles. The Council has assumed a council tax increase of 2.99% for 2019-20 budget planning purposes but has no scope to further increase the Adult Social Care precept under the current terms of the offer. The Council's consultation response calls for local discretion to set council tax.
- Proposals for dealing with the issue known as '**Negative Revenue Support Grant**' – the Government has expressed "an initial preference to eliminate the issue via forgone business rate receipts." The Council is not in a negative Revenue Support Grant (RSG) position and the response to the consultation will set out reasons why it considers this proposal to be inequitable. Firstly, because it undermines the fundamental principle of the Government's funding approach to ensure that similar authorities receive similar levels of change in funding. Secondly, because it removes funding from the settlement (the overall local government "pot") which could be better distributed according to need.
- **New Homes Bonus** thresholds – the Government intends to increase the baseline for housing growth of 0.4% of council tax base (weighted by band) from 2017-18, below which the Bonus will not be paid. This is due to a "*continued upward trend for house building*." The impact of this for the County Council is somewhat uncertain. The New Homes Bonus Grant mechanism tends to benefit district councils in two tier areas, rather than counties. The Government has indicated in the consultation that any "*funding intended for New Homes Bonus payments that is not used for this purpose will be returned to local government*." In recent years, reallocations of funding within the settlement have tended to favour social care authorities, whether this continues to be the case will be subject to specific decisions in respect of the 2019-20 settlement.

4.3. Further announcements from Government in respect of the Comprehensive Spending Review, Fair Funding Review, 75% Business Rates Retention System and the 2019-20 Local Government Finance Settlement are likely over the coming months. The Council is closely following these developments (including proposals relating to the new system(s)) and will continue to provide input at appropriate points to ensure that the Council's interests and key concerns are communicated to the Government.

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[3] https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation

5. Service Committee budget setting issues

5.1. Service Committees in September have considered uncertainties remaining around a number of items that have not previously been reflected in the budget planning assumptions, but which could potentially result in an increase in the overall gap. As a result, additional risks and pressures have been identified relating to:

Adult Social Care

- In-year financial pressures, which require delivery of £27m of savings to deliver a balanced budget position. The forecast outturn position for the service at the end of July 2018 is a £1.990m overspend. This risk is mitigated on a one-off basis by the business risk reserve, but recurrent cost pressures will need to be managed within the forward plans for the service.
- Risk of non-delivery of 2018-19 savings on a recurrent basis. At Period 4 the service is forecasting delivery of £22m of the £27m savings target. Savings that cannot be achieved in full or recurrently will place additional pressure on the budget in 2019-20 and budget plans will need to be adjusted to reflect revised forecasts.
- Cost of care provision. The costs facing the market continue to be monitored and reviewed and will form part of the decision for the annual uplift of prices. Currently only inflationary and national living wage rises are incorporated within the budget planning projections. Current issues related to quality and market capacity can also drive future prices and would increase cost pressures for the service.
- Financial pressures across the local health system could have a negative impact on the adult social care budget. At present there is no financial pressure built into the social care plans for the impact of health savings targets, which include reducing the costs currently incurred by health organisations, including funded nursing care (FNC) and continuing health care (CHC). Reviews that identify that the health needs of an individual are no longer at the level where FNC or CHC is required, places more of the cost for ongoing care needs either on the individual (if a self-funder) or social care. This is frequently the case where care is being provided in a nursing or residential setting as the service provision often needs to continue. Further information is being sought to understand the impact and the shift in costs within the system.

Children's Services

- The number of children entering care nationally continues to increase, and Norfolk is no different to other authorities. The number of children in care and the total expenditure on Looked After Children's placements are currently above the levels anticipated in initial budgeting and in the forecast trajectory set out in the Outline Business Case for the Safer Children and Resilient Families transformation programme. This primarily reflects the increase in LAC numbers which occurred between December 2017 and January 2018, and whilst the numbers have broadly stabilised since, there has not yet been any decrease and so spending on all placement types is beyond budget. There is currently no demand growth built in to Children's Service's budgets and so the transformation proposals will therefore have to address the current budget pressure in this area before any cashable savings against the current approved budget can be achieved.
- The service is continuing to see increasing numbers of children with special educational needs and also an increase in the level of complexity of need amongst those children and young people. This has brought pressure to the High Needs Block of the Dedicated Schools Grant above the level which can be met by funding provided

by Central Government. This mirrors a national position and is the experience of many other Local Authorities. The pressure will, in time, be reduced by the Special Educational Needs sufficiency strategy, which is being designed to increase the specialist resource bases and maintained special school provision in Norfolk and reduce the reliance on the highest cost provision.

- Linked to these increases in numbers of children in care and with special educational needs is an increased level of unavoidable legal proceedings and tribunals which incur significant legal costs. The demand management strategies will, in time, also address these pressures.
- The decision taken to extend the existing Children's Centre contracts for an additional 6-months prior to the implementation of the transformed model has necessitated a re-phasing of the saving planned from Children's Centres for 2019-20 which is being built into the 2019-22 budget planning assumptions.

Communities

- Public Health – the Public Health service is funded by a ring-fenced grant, which has seen significant reductions in recent years. Population growth in the context of a reducing grant means there are pressures in relation to activity based contracts with GPs and Pharmacists e.g. Health Checks.
- Fire and Rescue Service – governance – as discussed at the special Communities Committee meeting in August, the Police and Crime Commissioner is carrying out a public consultation on a proposal to change the governance of the service. If the proposal proceeds, and is approved by the Home Secretary, there will be a need to reach local agreement on the financial transfer of the service i.e. the level of associated budget which will transfer. This will need to consider any agreed budget changes, savings or efficiencies.
- Fire and Rescue Service – operations – the service continues to have an ongoing budget pressure in relation to water rescue. This is a non-statutory element of service which does not have any allocated core funding. The Committee has previously endorsed the continuation of this area of work on the basis that it addresses a significant risk for the county, and on the basis that this pressure is managed within the overall CES department budget.
- Customer Services deliver a corporate service, including the online digital offer, and multi-channel Customer Service Centre. They are a direct delivery mechanism for other Council services, as well as leading on systems to enable efficiency savings through channel shift. As budget reductions and other service and policy changes are made across the Council, the pressure and workload on customer services increases.
- Registration Services - the income target for registrars doubled this year and there is a risk that this cannot be achieved if celebratory services become less popular with the public as financial austerity deepens. This will be mitigated by the development of a wider and more flexible range of celebratory services and a sustained and targeted marketing campaign. There is a risk of increased fraudulent activity if adequate resources are not retained. This risk is mitigated by the use of robust processes, spot checking and regular monitoring.

Environment, Development and Transport

- 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) and flooding events impact local communities. In addition, there is clear evidence that severe or prolonged weather conditions impact directly on the condition of the highway, including the number, severity and speed of deterioration of potholes.

- Waste – there are a number of pressures and risks relating to the waste service. Whilst recycling and waste minimisation activities continue, housing and population growth means that the overall trend of waste volumes continues to increase. There is also continued uncertainty in the recycling commodities market, in part due to the impacts of restrictions from China accepting recycled materials. Central Government are also considering future waste legislation which is expected to be published later this year, and which could bring new financial implications e.g. 'incineration tax'.
- Concessionary fares – there continues to be a shortfall in the funding from Government. Another 3-year deal has been successfully negotiated with bus operators to mitigate this. The current agreement expires at the end of March 2020, and a new arrangement will need to be negotiated.

5.2. Where appropriate, these new pressures have been quantified and included in the updated MTFS above (table 1).

6. Business Rates Pilot 2019-20

6.1. Norfolk was unsuccessful with a pilot bid in 2018-19. Government has offered a new opportunity to bid for a pilot in 2019-20. The terms of this offer have changed slightly in that new pilots will test 75% Business Rates retention (rather than 100%) and there will not be a "no detriment" clause available, meaning pilots are exposed to risk in a way the 2018-19 pilots were not.

6.2. The "prospectus" published by Government confirms that pilots will have a safety-net of 95% of baseline funding. This increased level from 92.5% under the current system means that Norfolk as a whole would in fact be guaranteed more funding in a pilot in 2019-20 (£216.067m) than under a Norfolk wide 50% business rates retention pool (£213.906m). It is however essential to recognise that an individual authority under both the current pool, and in the proposed pilot, could potentially be better or worse off as a result of their individual business rates receipts. Also, with an increased share of rates Norfolk authorities will experience more volatility and bear more of the risk and reward i.e. 75% of all the growth and decline in Norfolk rates rather than 50%. For example, in the event of £1m decline in business rates, under the 50% BRRS Norfolk would lose income of £0.500m, whereas in a 75% BRRS pilot Norfolk would lose income of £0.750m. What this means in practice is that a smaller change in business rates is required before the safety-net would be triggered for a pilot.

6.3. In relation to this risk it should be noted that members of the 50% rates pool are already exposed to a similar risk, which has to date not materialised, and it is unlikely that such a scenario would arise, for the following reasons:

- The level of reduction that would be required before a safety net position is reached;
- Districts have been prudent in producing their forecasts; and
- Historic experience is that rates have consistently performed above the baselines.

6.4. Forecasts indicate that **Norfolk as a whole could retain around £7.759m of growth by piloting 75% Business Rates Retention**. This would be a one-off benefit in 2019-20, assuming the pilot operates for one year only.

6.5. Pilots in 2019-20 are being funded by the Treasury and so the availability of pilot status is expected to be limited due to national affordability constraints. It is therefore likely that there will be significant competition to become a pilot area and a successful application is not guaranteed. MHCLG have emphasised that it will be a smaller programme in 2019-20.

6.6. The opportunity to apply to become a Business Rates Pilot in 2019-20 is currently being considered by Norfolk authorities and negotiations are underway to agree a proposed "tier split" of any growth achieved between the County and Districts. The following principles for a Norfolk bid have been proposed:

- All Norfolk local authorities are included, reflecting the current Norfolk Business Rates Pool.
- The bid proposes a split for sharing business rates growth which supports the financial stability of member authorities and allocates funding to promote economic development. The Norfolk pilot will allocate a substantial share of funding to support local growth.
- The following points set out the learning that MHCLG will gain from a Norfolk pilot:
    - Norfolk is a rural, two-tier, county area, with a Local Enterprise Partnership.
    - There is a very wide variation in the business rates base in Norfolk – including a city, rural areas, a port, multiple Enterprise Zone sites, and renewable energy sites.
    - A two-tier area will enable demonstration of governance arrangements, decision-making across the pilot area, cashflow arrangements, and how billing authorities review and work together to produce provisions, appeals and growth forecasts.
    - The pilot will be able to draw on existing governance and administration arrangements already in place and operating effectively for the Norfolk Business Rates Pool, while providing an opportunity to further refine and develop these. The pilot will demonstrate how strategic decisions can be made through effective joint working, with all partners working together at senior political and officer levels, for example through the existing Strategic Growth Group.

6.7. It is recommended that a bid be pursued because of the significant forecast gain from business rates growth which is balanced against a relatively limited change in the overall level of risk exposure. Policy and Resources Committee is asked to confirm its support for making a bid and agree the above principles, delegating authority to the Executive Director of Finance and Commercial Services (in consultation with the Leader) to negotiate with Districts to submit an application in the event that there is wider agreement with District Councils to do so.

7. CIPFA Financial Resilience Index

7.1. On 2 July 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a consultation[4] on a proposed "Financial Resilience Index", with a deadline for responses of 24 August. The index is intended to provide an authoritative measure of local authority financial resilience based on publicly available information in order to assess the relative financial health of councils of the same type.

7.2. The index proposes to use six key indicators, with a significant (50%) weighting being given to reserves:

1) The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2) The percentage change in reserves, excluding schools and public health, over the past three years.
3) The ratio of government grants to net revenue expenditure.
4) Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5) Ofsted overall rating for children's social care.
6) External Auditor's value for money (VFM) judgement.

7.3. CIPFA have emphasised that "*the index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure.*" The results will be published, so are obviously likely to attract scrutiny. The index will ultimately sit alongside a New Code of Practice on Financial Management and Reporting (to be consulted on and published in 2019).

7.4. There has been a significant negative reaction to the details of the proposed index from the local government sector including the Association of County Chief Executives (ACCE) and the County Councils Network (CCN).[5] These views are consistent with Norfolk County Council's response to the consultation, which is appended to this report (Appendix 1). The Council's response supports the principle of trying to identify councils facing financial stresses, but highlights some very serious concerns including the fact that the analysis proposed is not sufficiently comprehensive or nuanced to reflect a true picture of the reality of local situations.

7.5. Following the close of the consultation, which generated "welcome and quite widespread feedback"[6], CIPFA is now analysing the responses with a view to setting out its proposed next steps in early October.

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[4] http://www.cipfa.org/policy-and-guidance/consultations/consultation-on-cipfa-index-of-resilience-for-english-councils
[5] https://www.lgcplus.com/politics-and-policy/finance/divisions-over-resilience-index-but-officers-open-to-new-approach/7025422.article?blocktitle=Finance&contentID=27575
[6] https://www.publicfinance.co.uk/news/2018/09/cipfa-blown-away-resilience-index-response?utm_source=Adestra&utm_medium=email&utm_term=

8. Financial implications

8.1. Potentially significant financial implications are discussed throughout this report. Any implications of the Autumn Budget and the three changes (Comprehensive Spending Review, Fair Funding Review and 75% Business Rates Retention) expected to be implemented in 2020-21 will be reflected as far as possible in the Council's 2019-20 budget planning, and these impacts will need to be refined as further information is made available by Government.

8.2. 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).

8.3. Risks relating to budget setting are also detailed in the Council's budget papers. There is a risk in relation to the Comprehensive Spending Review and the Fair Funding Review that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where the Fair Funding Review results in a redistribution between authority types or geographical areas. There is considerable uncertainty about the extent to which resources available through 75% Business Rates Retention will keep pace with growth in demand / need and this will be a key area to address in the development of the system.

9. Issues, risks and innovation

9.1. Significant risks, assumptions, or implications have been set out throughout the report. No specific legal implications have been identified in respect of this report.

9.2. Equality issues were previously considered in the Equality Impact Assessment of 2018-19 budget proposals. Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, new 2019-22 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.

9.3. In light of recent legal judgements in relation to the budget decisions of other local authorities, it will be critical that robust and comprehensive consultation and Equality Impact Assessment processes are undertaken and that outcomes are given full consideration in the context of setting the 2019-20 Budget.

10. Summary

10.1. This report represents the latest stage of the Council's detailed planning for the 2019-20 Budget, which is being undertaken in the context of significant uncertainty about the levels of funding for future years. The Autumn Budget, Comprehensive Spending Review, Fair Funding Review, and 75% Business Rates Localisation will all have potentially significant implications for the County Council. As budget planning continues and further information becomes available, these will be reflected in the

Council's budget planning for 2019-20 and in the development of the next iteration of the Medium Term Financial Strategy.

10.2. The budget planning considerations set out in this report have an impact across the whole of the County Council. Service Committees have received reports setting out the implications for their individual budget planning in the September committee round and will consider full proposals in October.

Background Papers

Norfolk County Council Vision and Strategy
https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/council-vision-and-strategy

Norfolk County Council Revenue and Capital Budget 2018-22 (Item 4, County Council 12 February 2018)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/592/Committee/2/SelectedTab/Documents/Default.aspx

Chancellor's Spring Statement and Needs and Resources Consultation (Item 11, Policy and Resources Committee 26 March 2018)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/641/Committee/21/SelectedTab/Documents/Default.aspx

Norfolk County Council Budget Book 2018-22
https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en

Strategic and Financial Planning 2019-20 to 2021-22 (Item 10, Policy and Resources Committee, 16 July 2018)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1419/Committee/21/SelectedTab/Documents/Default.aspx

Strategic and Financial Planning reports to Committees in September 2018
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings.aspx

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17 August 2018

Resilience Index Consultation
Research and Analytics
CIPFA
77 Mansell Street
London E1 8AN

Submitted electronically via: resilienceindex@cipfa.org

Norfolk County Council response to CIPFA Financial Resilience Index consultation

Norfolk County Council welcomes the opportunity to respond to this consultation.

The Council recognises the importance of financial resilience and particularly appreciates the need to be able to assess and provide advance warning of those local authorities which may be facing financial issues of this sort. In that respect the Council understands and is supportive of the initiative by CIPFA as the leading public-sector accountancy body to raise awareness and understanding of financial resilience. However, the Council is not persuaded that the index as it is proposed is sufficient to address the issue adequately. The Council therefore wishes to make the following broad points in response to the consultation. Detailed responses on the specific questions are then provided below, and expand further on some of these.

Audience and presentation

- The Council has concerns about who the intended audience for the index is likely to be. Local authorities already have an understanding of their financial resilience, which takes in a far wider scope and is particularly articulated in the annual robustness of estimates assessment which forms part of budget-setting. The value of the index as a tool for local authorities themselves is therefore questionable. Without adequate support and context to aid understanding, there is a high risk of misinterpretation of a relatively crude output and as such the value of the index as a tool for wider audiences may be limited.
- Ultimately the index results in the creation of a league table and this is inevitably how it is likely to be viewed by the press and public. This may be unhelpful.
- Most seriously, there is a high risk of diverting attention and focus away from real issues, and that scarce council resources could be tied up responding to media enquiries.

- Some of the charts in the example report lack scales / labels and are not clear to interpret.

Use, interpretation and implications of the index

- The Council also considers that the index could potentially have dysfunctional and counterproductive impacts or outcomes, for example:
    - In the event that a local authority appeared towards the top of the index but faced specific local (or in-year) issues, there is a risk that a “good” index position could result in a sense of complacency and inaction.
    - Conversely a “poor” ranking could result in a pressure for action to “improve” an authority’s placement, however many of the levers to impact on the ranking position are not (or are not fully) within an authority’s control (for example levels of Government grant being based on allocations through the settlement driven by a range of factors but including a certain degree of ministerial discretion). To “improve” its position in the index, an authority might be driven to consider radical counter-productive or potentially inappropriate actions such as:
        - reducing social care expenditure to improve the indicator based on the proportion of spend in that area. The index methodology implies that a greater proportion of spend on social care is an indicator of a lack of financial resilience, however a decision to increase resources allocated to these areas could be a rational and prudent response taken by councillors to the pressures faced in these budgets. However, such a prudent budgeting approach would potentially be “punished” by a worsened index position and has the potential (at the extreme) to inappropriately influence budget setting decisions;
        - increasing net revenue expenditure in other areas to improve both the social care and debt ratio and the indicator tied to government grant funding; and
        - radically increasing council tax to reduce the perceived reliance on government funding.

      While these extreme responses are unlikely to arise in reality, they highlight the difficulty of changing the position in the index and in the context of other authorities also seeking to influence their own position, they could be an unhelpful distraction in budget setting and other financial management discussions.
- Fundamentally the Council is not clear what the index is intended to demonstrate. The consultation states (para 1.2) that “the index will not be a predictive model but a diagnostic tool”, which raises questions about its real value. This is particularly the case given that a predictive model (although undoubtedly it would have caveats) would be of greater use, and because as a diagnostic tool the index focuses on a number of areas where authorities may have limited opportunities to exert control. The Council is strongly of the view that a forward-looking assessment, ideally reflecting the Medium Term Financial Strategy, would be of significantly more value.
- The Council is also concerned that there could be further unhelpful features of the index. We understand that the focus on reliance on Government Grant is intended to reflect exposure to Government funding decisions, however what this means is that a lower level of central funding is taken to represent greater

resilience. The Council would argue that it is counterintuitive to suggest that less central Government funding necessarily means higher resilience. In a further complication, a low position in the ranking might imply a need for greater Government funding, but this would actually result in a worsening index position, which would surely not be a desirable outcome. Furthermore, it is not entirely clear at this stage whether being in a position of not receiving Revenue Support Grant will actually represent any measure of "protection" from Government funding decisions, and until the issue of "negative RSG" is definitively resolved this will remain a question. In this sense the index is failing to recognise that all authorities ultimately remain exposed to Government decisions.

- Overall, the Council's concerns are that this is a very broad-brush approach which fails to fully recognise the nuance which may exist in individual circumstances – and fundamentally a quantitative tool like the index is not really capable of doing this. This means that the analysis risks being too simplistic in some respects, and cannot reflect that many of the considerations around financial resilience are based on subjective judgements, and require a deeper understanding of local circumstances to appreciate the reality of an individual authority's position.

Sources of information

- The Council has some concerns about the proposed data sources and consistency of information used:
    - It has been highlighted recently that there are criticisms of the accuracy / consistency of presentation of RO data and the consistency of completion across different authorities, particularly in relation to reserves levels. Given the significant weighting applied to reserves, the Council considers that there is potentially a real issue if the analysis could be flawed in this respect.[1]
    - Similarly, there may be issues in the consistency of audit value for money judgements following the abolition of the Audit Commission. It is particularly notable that all "except for" findings for County Councils in respect of the 2016-17 accounts were from one audit provider, suggesting differences of approach may exist across the country and different auditors.
- It is also a concern that there is no reference to s151 Officer duties under s114 (in relation to the requirement to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure). If a s114 notice had been issued it appears that it would not impact on the index position, but it seems clear that this should be a major warning sign of a lack of financial resilience.
- The timeliness of data used will be key. It is not clear from the consultation how often the index will be refreshed, however if this undertaken on an annual basis it would appear to be potentially too slow and reactive.

[1] https://www.lgcplus.com/politics-and-policy/finance/revealed-how-up-to-15-councils-wrongly-reported-no-reserves/7024317.article?blocktitle=Top-stories&contentID=20100

Consultation responses

a) *Are the proposed indicators the right ones – are there other measures that should be included or ones omitted?*

The Council broadly agrees that the indicators proposed are relevant, but is concerned that they do not reflect the full picture. In particular, section 2 of the consultation appears to set out quite a wide range of relevant issues that are "associated with financial stress" (for example in relation to gaps in saving plans, and levels of overspend), but it is not clear how some of these have then been taken into account in the proposed methodology (if they have at all).

We are also concerned that some fundamental warning indicators are not reflected in the index. The foreword to the consultation makes reference to the more timely use of s114 statements to "stabilise councils". This would appear to imply an expectation that more authorities will issue these, but the index itself takes no account of this. While a local authority in a position to produce a s114 notice is likely to exhibit a number of warning signs, these situations can emerge extremely rapidly. The retrospective nature of the indicators proposed suggests that it would be possible for a Local Authority to issue a s114 notice without impacting on its position in the Financial Resilience Index. This would appear to be a fundamental flaw in the methodology and characteristic of an approach which is overly narrow, and in particular which ignores one of the key local mechanisms for a s151 Officer to recover an adverse financial position.

More widely, it is notable that there is no reference to duties under s25 of the Local Government Act 2003 (the requirement to report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget). These reports reflect the key professional judgement of the officer ultimately responsible for an authority's finances but are not taken into account at all. Some form of qualitative assessment of both a Council's own robustness of estimates judgement, and the Medium Term Financial Strategy, should be a key element of any analysis of resilience.

There are clearly a range of different indicators which could be included in any measure of financial resilience. One suggestion for example might be to consider the Government's measure of Core Spending Power per head, which provides an indication of the level of funding for different authorities from a range of sources including locally generated income. This would provide an insight into the comparative level of resources available to an authority and also start to reflect one of the Government's preferred measure to illustrate its expectations about the relative funding levels of different authorities.

The Council would also propose that some account should be taken of the levels and rate of increase of Council Tax and Business Rates, and (potentially) the extent to which these are increasing in line with inflation and/or other pressures. In particular, councillors' decisions about whether or not to increase Council Tax are one of the key elements of the budget which are subject to local discretion and have the potential in the short to medium term to contribute significantly to an authority's financial resilience. Including council tax within the index would also provide an indication of the extent to which the costs of funding local services are being transferred to local taxpayers as a result of Government funding decisions.

The Council also supports the comments made by the Society of County Treasurers that a "balanced scorecard" type approach would be more appropriate and would provide a more insightful and useful resource.

b) *Is the method for combining the indicators to produce a composite indicator appropriate? Are the weights, particularly the greater weighting on reserves reasonable?*

The Council is concerned that the factors which constitute a local authority's financial resilience are more nuanced than the composite indicator currently reflects. The Council agrees that reserves are an important part of the financial resilience picture, however it is important to recognise the potential for significant local variation for a wide range of reasons. For example, Norfolk has historically held comparatively low levels of reserves, and this position was compounded by a requirement to use a significant portion of reserves to meet costs arising from a cancelled energy from waste contract. Reserves may in this way be subject to large variations from year to year and the proposed index fails to provide any mechanism to consider this important contextual information.

The index needs also to consider taking account of the planned use of reserves as opposed to the unplanned use, which may be more indicative of wider financial stresses. Planned use of reserves in the context of a robust, coherent and agreed strategy is not necessarily a negative thing. The Council is also concerned that the index may be highly sensitive to the implications of late announcements of government funding which may also serve to distort the understanding of reserve positions due to local decision making.

c) *Is the proposed presentation, including both the summary and the individual council dashboard, the right way to present the data?*

The Council considers that the proposed presentation is reductive and not capable of reflecting the nuances relevant in this context. The Council would particularly argue that this information should not be provided in isolation and there is a requirement for some form of contextual information to be included, which might need to be in the form of a narrative statement.

In addition, the presentation of a summary index, as set out elsewhere in this response, will result in a de facto "league table" which could be unhelpful for a variety of reasons. In particular, the index will produce a relative ranking for those within the same group, without necessarily providing any insight into the financial resilience of the group as a whole. A “good” ranking will therefore only demonstrate that an authority is more resilient than its peers, not that it is fundamentally resilient in and of itself.

The Council has no other substantive comments on the proposed presentation, although it is notable that as shown in the consultation document, some of the illustrative graphs lack clarity (for example they do not show scales / units or are untitled). Presumably this would be addressed in the final release and may be resolved by the use of live data.

d) *Do you have any comments on CIPFA’s view that to aid transparency the full analysis should be freely available on CIPFA’s website?*

Generally, the Council supports transparency and the principles of open data.

However, Norfolk’s experience of enquiries following the issuing of Northamptonshire County Council’s s114 notice and the widespread stories which followed about other authorities “at risk” of being in a similar position was that substantial time and resource was absorbed in responding to ill-informed questions based on a misinterpretation of similarly complex publicly available data. Therefore we would argue that in producing the index CIPFA will have a responsibility to be mindful of the potential implications of publishing this data, particularly the high risk of misinterpretation (and even scaremongering), which may result. It appears highly likely that publication would result in significant public interest and CIPFA needs to have an effective strategy in place for dealing with this. The Council considers it would be extremely counterproductive and unhelpful if publication of the index were to result in any diversion of a local authority’s scarce resources (and focus) from dealing with genuine issues of financial resilience and management to respond to these types of enquiries.

e) *Available data tends by its nature to be retrospective, what forward looking indicators would you also see as useful to include to support the index?*

The Council has concerns that this is not a predictive tool and as identified in the consultation most available data is retrospective. As such the Council would therefore question the overall value of the proposed index. The pace at which issues have emerged in some local authorities demonstrates that although warning signs may be present for some time, situations which precipitate a financial failure can occur very quickly.

The issue of resilience is by its very nature subjective, and particularly dependent on future plans and uncertain events. It therefore does not lend itself easily to quantitative analysis. Any robust assessment of financial resilience should take account of the detail of an individual authority’s plans and analysis of its own position as articulated in the Medium Term Financial Strategy. Given the different approaches to these, this would be a challenging exercise which might not lend itself to easy comparison across multiple authorities.

As a result of the above, significant resource would be required for a fully comprehensive assessment, although the Council is of the view that CIPFA's planned Financial Management Code may go some way to improving some of these issues, and this opportunity should be taken into account in the Code's development.

The Council looks forward to seeing CIPFA's response to this consultation, and appreciates the opportunity to provide its views. If there is any further information required on the issues raised in this response, please do not hesitate to get in touch.

Yours faithfully,

Simon George

Executive Director of Finance and Commercial Services
Norfolk County Council

Policy and Resources Committee

Item No 10

Report title:	**Pension contributions – Payments in advance**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services**

Strategic impact

This report summarises a proposal to make an up-front payment of employer pension contributions to the Local Government Pension Scheme (LGPS). The effects of this will be to make a financial contribution to the authority's general fund.

Executive summary

The Council has the option of pre-paying employer pension contributions to the LGPS (Norfolk Pension Fund) due for the 18 months to 31 March 2020 as a lump sum to realise a significant one-off saving. Currently these contributions are paid over monthly.

If contributions are paid up front, they will be invested for a longer period and are therefore assumed to generate additional investment returns in the funding model used by the pension fund actuary to calculate employer contributions due. The Actuary has provided an analysis of the financial impact to the Council, including an estimate of the reduction in pension contributions due if they are pre-paid.

The prepayment of contributions, estimated at £51.49m is subject to a higher assumed return in the funding model (+3.8% per annum) than the Council will achieve on its cash investments. This results in a calculated net cash saving of £1.2m over 18 months. The assumed investment return of the Norfolk Pension Fund is higher than the Council can expect to earn on its cash balances because it has a longer investment timeframe and it is therefore appropriate for it to access a wider range of investments, which are expected to outperform the returns on cash (shares, property etc).

An annual reconciliation will be performed by the Pension Fund to establish if the pre-payment is higher or lower than the actual employer pension contribution contributions required for the period. A correcting payment (+/-) will need to be made for any under or over payment. The actual contribution payable for the period will only be known once the final pensionable payroll is available.

Whilst there are some risks, these can be sufficiently mitigated and are comparable with the existing pension funding risks that the council is exposed to i.e. the volatility of investment returns on non-cash assets. This should be balanced against the risk of the current historic lows in cash rates and forecast that these low returns are likely to persist in the medium term.

Members are asked to:

- **Agree in principle the pre-payment of pension contributions for 18 months to March 2020 to realise savings set out in this report;**

- **Delegate the actual amount to be pre-paid to the Executive Director of Finance and Commercial Services, following finalisation of the pension contribution rates due for the period by the actuary.**

1 Introduction

1.1 The Council has the option of prepaying employer pension contributions, which would provide a financial benefit because the prudently assumed investment returns of the Pension Fund are higher than the short-term interest currently generated by the Council on its cash investments. This is because the long-term time horizon and different investment mix of the Norfolk Pension Fund.

1.2 An analysis of the financial impact to the Council of this potential prepayment has been obtained from the pension fund Actuary, Hymans Robertson LLP. This report considers the financial impact of the pre-payment of employer pension contributions to the Norfolk Pension Fund by the Council.

2 Evidence

2.1 Pension contribution rates are determined through the statutory triennial valuation of the Pension Fund. This was last undertaken at 31 March 2016 and set employer contribution rates for the three-year period from 1 April 2017 until 31 March 2020. The next triennial valuation is due at 31 March 2019 and will set the employer contribution rates payable for the three years commencing 1 April 2020. Starting with employer contribution rates certified as part of the 2016 Valuation, the Fund Actuary has been asked to provide an assessment of the required prepayment amount and the benefit achievable (the difference between the prepayment and the total of employer contributions due for the 18 months to 31 March 2020 if this continue to be paid monthly).

2.2 The current assumed investment rate of return of the Pension Fund is 3.8% per annum. In practice, the future investment returns achieved by the Fund will differ and may be higher or lower. As the Fund invests in a diversified portfolio of risker and therefore higher returning assets (than cash), it can also be expected that the returns will not be earned in a stable, linear way but will be subject to financial market volatility.

2.3 It is proposed that contributions will be pre-paid for the non-schools pensionable payroll of approximately £142m per annum.

2.4 Based on the above assumptions and subject to confirmation of final figures by the actuary, the pre-payment required to meet contributions for the 18 months to 31 March 2020 is estimated at £51.49m, generating one-off reduced contributions of £1.477m. After deducting the loss of interest on balances the estimated net saving to the Council is £1.200m assuming interest foregone at 0.7%.

2.5 There will need to be money available in cash balances on the day when the pre-payment is required by the Fund. Cash investments will need to be scheduled to allow for sufficient funds to be available, should the proposal be approved.

3 Financial Implications

3.1 The Council holds cash balances which are invested in accordance with the Treasury Management Policy. The Council is forecast to have approximately £120m of cash invested with various counterparties at 30 September 2018. It consists of income that the Council has received in advance of expenditure and amounts that the Council has placed in its reserves.

3.2 The Council's cash balances are partly dependent on the timing of borrowing to support the capital programme. For a number of years, the Council temporarily funded capital expenditure from cash balances. However, since 2016-17 the Council has started to use long term borrowing, locking into historically low interest rates. With continuing low interest rates forecast to rise in the medium to long term this strategy is likely to continue. Borrowing decisions will remain independent of this pensions pre-payment proposal.

4 Issues, risks and innovation

4.1 The economic benefit is calculated based on the difference between the Funds long term investment return assumption and the expected return on the cash balances of the council. Consideration should be given to the risk that actual asset returns are lower than assumed in the calculation of the equivalent single contribution. A single payment will earn the actual investment returns over the entire period. These could be less than that assumed in calculating the prepayment lump sum leading to a lower effective contribution than otherwise expected. Conversely, higher investment returns would see a higher effective return than otherwise expected. The actual investment returns achieved will impact on the Council's funding level at future pension fund valuations. However existing mitigations designed to stabilise statutory employer's contribution rates to the Fund and the size of the contribution discussed here relative to the Council's legacy funding position would be likely to limit the impact on contribution rates payable in the medium to long term.

4.2 Investment volatility should also be considered. By making a lump sum payment in autumn 2018, the full contribution amount is exposed to the actual investment volatility (changes in the value non-cash investment assets) over the period to 31 March 2020. If regular monthly contributions are made (i.e. drip fed into the Fund), then this volatility is reduced as smaller regular payments are spread over the period albeit that the total of the regular payments is higher than the single lump sum contribution. As in 4.1 this volatility can be considered versus the overall size of the investment assets attributable to the non-schools part of the Council (estimated at £1.8 billion in the statutory accounts disclosures at 31 March 2018).

4.3 As the Council would be using cash reserves, the gap between the money market rate that can be achieved on cash investments and the Pension Fund's investment rate of return is the key driver. The forecast annualised rate of interest receivable on cash balances is 0.7%. If base rates do not rise as expected over the period of the arrangement, then this rate may be lower and the benefits of this arrangement would increase. If rates increase then the benefit will reduce, but they would have to be more than 3.8% to generate no benefit which is significantly higher than any forecast.

4.4 As discussed in 4.2 contributions paid at regular intervals partially smooth out ups and downs of the Fund's market returns. Regular contributions reduce the risk (and potential reward) of market losses (and gains) derived by investing at a high (or low) point in the market. Conversely, paying a large lump sum contribution concentrates the risk on the market conditions applicable at that time. If this date is at a market high, this will dilute the financial benefit to the Council; if at a market low, it will deliver a larger financial benefit.

4.5 With no additional borrowing, the amount of cash balances held by the Council will be reduced significantly by the pre-payment. This is a potential risk to liquidity in the short to medium term although treasury borrowing could be undertaken to meet liquidity requirements (for example from other local authorities). The impact of the pre-payment on cash balances tapers with time due to the contributions which will not be paid monthly during the arrangement.

4.6 Subject to the agreement of the Council's auditors, pension contributions will be accounted for in the financial years that they fall due rather than the lump sum contribution being accounted for in the year when the pre-payment is made. The contributions accounted for in each year will be lower than the amounts chargeable had the pre-payment not been made, thereby realising the economic benefit.

5 Background

5.1 If investment returns to the Pension Fund are above zero then paying contributions sooner than would otherwise have been the case will (all other things being equal) result in lower total required contributions over the longer term. This is because the investment returns received on contributions paid into the Pension Fund provide some of the cash to pay benefits later. The higher the absolute value of these returns then the lower the proportion that will need to ultimately be met by cash contributions will be. If contributions are paid earlier, then they are invested for a longer period and may therefore generate larger total investment returns, which may benefit the Council's longer-term pension funding position.

5.2 The economic benefit is calculated on the reduction to contributions in the 18 months following the prepayment. The Pension Fund actuary (Hymans Robertson LLP) has calculated that the Pension Fund's investment forecast rate of return means that a prepayment would allow a reduction to the contributions due in 2018-19 and 2019-20, resulting in a net economic benefit to the Council for that period.

5.3 The amount of this economic benefit is dependent on the size of the prepayment and the assumed investment return of the Pension Fund compared to the rate of return achieved by the Council on its cash investments over the eighteen-month period.

5.4 The economic benefit arises because the Pension Fund invests to achieve returns over a much longer period than the Council, which increases rates of return available and reduces sensitivity to short-term interest rate variations. The Pension Fund can use a wider range of appropriate investments, which should provide greater returns on average.

Officer Contact

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

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Policy and Resources

Item No. 11

Report title:	**Joint Health and Wellbeing Strategy 2018-22**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Dr Louise Smith, Director of Public Health**

Strategic impact

The Joint Health and Wellbeing Strategy 2018-22 sets the strategic direction for the wider health, wellbeing and care system and provides the overarching framework within which plans are developed for health services, social care, health improvement and other relevant services.

Executive summary

This paper outlines the development by partners of the Joint Health and Wellbeing Strategy 2018-22 (the Strategy). It seeks the Policy & Resources Committee's support and endorsement of the Strategy before it is put before Council in October 2018 for sign off.

The vision is of a single sustainable health, wellbeing and care system, with partners working together in leading the change, creating the conditions, and using their resources in the most effective way to prioritise prevention, tackle health inequalities and integrate ways of working.

Preparation of a Joint Health and Wellbeing Strategy is one of the key statutory responsibilities of the Health and Wellbeing Board under the Health and Social Care 2012. Following a review of the Council's Policy Framework in 2017, the Joint Health and Wellbeing Strategy is included in the Framework as one of the Council's significant strategies.

Recommendations:

1. **That the Committee supports the strategic direction of the Joint Health and Wellbeing Strategy 2018-22 and endorses it for submission to Council**

1. Proposal

1.1 The Joint Health and Wellbeing Strategy 2018-22 has been developed by Health and Wellbeing Board partners and was agreed by the Board on 17 July 2018. (Attached as **Appendix A**). An outline of the development process is provided in section 4 below.

Vision and priorities

1.2 The Strategy's vision is of a **single sustainable health, wellbeing and care system**, with partners working together and using resources in the most effective way to prioritise prevention and support the most vulnerable. It is built on a strategic framework for ***how*** HWB partners will work together as system leaders - taking a collective view as a system rather than as individual organisations.

1.3 The Strategy **prioritises**:

- **Prevention** - A shared commitment to supporting people to be healthy, independent and resilient throughout life - offering our help early to prevent and reduce demand for specialist services

- **Tackling Inequalities in communities** - Providing support for those who are most vulnerable in localities using resources and assets in communities to address wider factors that impact on health and wellbeing

- **Integrating ways of working** - Collaborating in the delivery of people centred care to make sure services are joined up, consistent and makes sense to those who use them

Values

1.4 Board members have agreed a set of values which describe their shared commitment to working together to make improvements and address the challenges:

- **Collectively Accountable** - As system leaders, taking collective responsibility for the whole system rather than as individual organisations

- **Simplifying systems -** Reducing duplication and inefficiency with fewer organisations - a commitment to joint commissioning and simpler contracting and payment mechanisms

- **Promoting Engagement and Involvement -** Listening to people and being transparent about our strategies across all organisations

- **Based on evidence of needs -** Using data, including the Joint Strategic Needs Assessment (JSNA), to target our work where it can make the most difference – making evidence-based decisions to improve health and wellbeing outcomes.

- **Bringing partners' existing strategies together** - working together to achieve joint outcomes

1.5 The Strategy stands as a shared commitment by all partners to take collective responsibility as system leaders for our role in tackling whole system challenges and improving health and wellbeing outcomes in a sustainable way.

1.6 Policy & Resources Committee is asked to support the strategic direction of the Strategy and to endorse it for submission to Council in October 2018.

2. Evidence

2.1 Health and wellbeing boards have a statutory duty to prepare a Joint Health and Wellbeing Strategy as well as a duty to encourage integrated working.

2.2 The Health and Wellbeing Board brings together local organisations including the County Council, the city, borough and district councils across Norfolk and Waveney, the Clinical Commissioning Groups, Healthwatch Norfolk, the voluntary and community sector, Norfolk Constabulary, the Police and Crime Commissioner, the Norfolk and Waveney Sustainability & Transformation

Partnership and the key providers of health and care services across the Norfolk and Waveney area.

2.3 HWB partners take oversight of the health, care and wellbeing system as a whole and work together to make sure it is joined up and makes sense to people who use our services.

2.4 Through the Joint Health and Wellbeing Strategy, partners are working to focus the whole system on sustainability of the health, wellbeing and care system, on prioritising prevention, tackling health inequalities in communities and integrating ways of working in delivering people centred care.

2.5 The Strategy brings together, and builds on, partners' existing strategies and plans – identifying the added value that collaboration brings and working together to achieve joint outcomes.

3. Financial implications

3.1 There are no direct financial implications arising from this report.

4. Issues, risks and innovation

4.1 The key risk is the sustainability of the health and social care system and the fact that as a system we are seeing increasing demand as well as increasingly complex needs, so our service improvements must be more co-ordinated and effective. The challenge includes addressing these needs with all partners managing on reducing or level budgets.

4.2 Through this Strategy, partners have agreed a strategic framework for *how* HWB partners will work together, as system leaders, to address the challenges facing the system and drive forward improvement in health and wellbeing outcomes.

4.3 The Strategy impacts on other areas of the Council including Adult Social Care and Children's Services. These service areas have been directly involved in the development of the Strategy with both the Committee Chairs and Executive Directors being members of the HWB.

5. Background

5.1 Health & Wellbeing Boards are places where leaders from across the wider health, wellbeing and care system can collaborate to better understand their local community's needs, agree priorities and work in a more joined-up way.

5.2 Boards provide oversight and strategic leadership across many complex organisations and systems, and commissioning across the NHS, social care and public health. HWBs underpin the shared understanding and joint action that are needed to improve outcomes for their area.

5.3 The HWB has been developing its Joint Health & Wellbeing Strategy 2018-22 and over the past year Board members have:

- Agreed that the Board's longer-term strategic priorities are still important - Prevention, Inequalities and Integration
- Engaged with wider stakeholders to help shape thinking

- Explored partners' existing priorities and potential areas for further collaboration on shared outcomes

- Reviewed best practice and what other areas are doing to improve health and wellbeing outcomes in these areas

- Agreed the overall strategic direction through a strategic framework

- Refined the draft Strategy and explored how partner organisations will need to work together to deliver the Strategy

5.4 At its meeting on 17 July 2018, the HWB approved the final draft Joint Health and Wellbeing Strategy 2018-22 and members agreed to take it to their individual partner organisations' governing bodies/boards for formal sign up. You can access the report to the HWB at the following link: Report to the HWB 17 July 2018

Officer Contact

If you have any questions please get in touch with:

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Health and Wellbeing Board
Norfolk & Waveney

Joint Health and Wellbeing Strategy 2018 – 2022

"A single sustainable health & wellbeing system"

Our Strategic Framework

Our Vision

A Single Sustainable System

Working together we will use our resources in the most effective way to prioritise prevention and support to the most vulnerable

Our Priorities

Prioritising Prevention

Supporting people to be healthy, independent and resilient

Tackling Inequalities in Communities

Providing most support for those who are most in need

Integrating Ways of Working

Collaborating in the delivery of people centred care

Our Values

- **Collectively Accountable**
- **Simplifying Systems**
- **Promoting Engagement and Involvement**
- **Evidence Based**

Bringing partners' existing strategies together

Working together to achieve joint outcomes

Welcome

Image to follow

Cllr Bill Borrett
Chairman Health and Wellbeing Board for Norfolk and Waveney

We are delighted to introduce our **Joint Health and Wellbeing Strategy 2018-22: A single sustainable health and social care system** for the people and communities in Norfolk and Waveney.

This Strategy is **different** - it's about **how we all work together** as system leaders to drive forward improvement in the health and wellbeing of people and communities, given the unprecedented challenges facing our health, care and wellbeing system.

Health and care services across the country are under **considerable financial strain** – and Norfolk and Waveney is no exception. There is a significantly large total annual budget for health and social care services in Norfolk and Waveney, but with growing demand our budget spend continues to increase leading to over-spend which needs to be addressed.

At the same time, **our population continues to grow,** and the pattern of family life has changed. **People are living longer** and have access to many more medical specialists than in the past. **Families are under increasing pressure,** and society's concern for children's and adult's safety has placed additional responsibilities for ensuring their protection.

Image to follow

Dr Louise Smith
Director of Public Health

The health and social care system is working together under the **Norfolk and Waveney Sustainability & Transformation Partnership** and underpins support for the move towards an **integrated care system** from the Health & Wellbeing Board for Norfolk and Waveney.

This Strategy builds on that **collaborative mandate - our top priority is a sustainable system** and we are evolving our longer-term priorities from our previous Joint Health & Wellbeing Strategy to help us face the challenges of the future. **Prevention and early intervention is critical** to the long term sustainability of our health and wellbeing system. Stopping ill health and care needs happening in the first place and targeting high risk groups, as well as preventing things from getting worse through systematic planning and proactive management. Through our Strategy, we are focusing the whole system on **prioritising prevention, tackling health inequalities in our communities** and **integrating our ways or working** in delivering people centred care.

Through our Strategy, we are **making a difference** – creating a single sustainable health and wellbeing system for Norfolk and Waveney.

Our Priorities

Our vision of a single sustainable system requires us to work together, implementing what the evidence is telling us about health and wellbeing in Norfolk and Waveney, on these key priorities:

Priorities	By this we mean
1. A Single Sustainable System	Health and Wellbeing Board partners taking joint strategic oversight of the health, wellbeing and care system – leading the change and creating the conditions for integration and a single sustainable system.
2. Prioritising Prevention	A shared commitment to supporting people to be healthy, independent and resilient throughout life. Offering our help early to prevent and reduce demand for specialist services.
3. Tackling Inequalities in Communities	Providing support for those who are most vulnerable in localities using resources and assets to address wider factors that impact on health and wellbeing.
4. Integrating ways of working	Collaborating in the delivery of people centred care to make sure services are joined up, consistent and makes sense to those who use them.

Image to follow

Our Values

Our values describe our shared commitment to working together to make improvements and address the challenges:

Values	By this we mean:
Collectively Accountable	As system leaders, taking collective responsibility for the whole system rather than as individual organisations.
Simpler system	Reducing duplication and inefficiency with fewer organisations - a commitment to joint commissioning and simpler contracting and payment mechanisms.
Engagement	Listening to the public and being transparent about our strategies across all organisations.
Based on evidence of needs	Using data, including the Joint Strategic Needs Assessment (JSNA), to target our work where it can make the most difference - making evidence-based decisions to improve health and wellbeing outcomes.
Bringing partners' existing strategies together	Under the umbrella of the Health and Wellbeing Board for Norfolk and Waveney - identifying the added value that collaboration brings and working together to achieve joint outcomes.

Image to follow

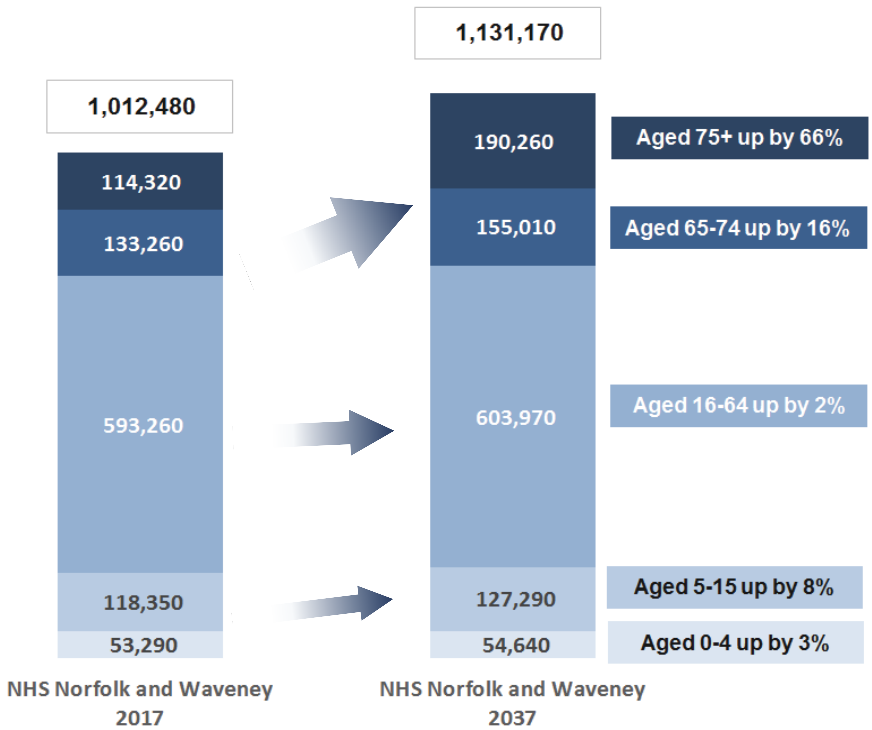
Working together we will use our resources in the most effective way to prioritise prevention and support to the most vulnerable.

Our Population

Norfolk and Waveney's population of 1.01 million is forecast to increase by over 10% by 2037, about 120,000 people.

The main population growth will be people aged 65+ years. Life expectancy is 80 years for men and 84 years for women.

Currently 90% of retirement age people are economically inactive. By 2037 this is forecast to be 1 in 3 of the population.

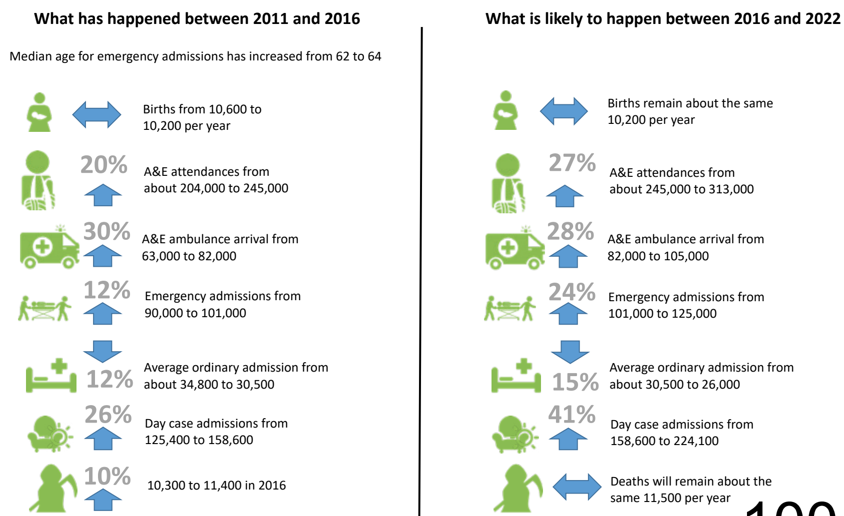


Our System

Our health and wellbeing system is complex including: Norfolk County Council, 8 District Councils, 5 Clinical Commissioning Groups, 3 acute hospitals, 3 community NHS providers, and mental health, and ambulance trusts, police and Police Crime Commissioner, around 110 GP practices, 400 care homes and 10,000 voluntary, community and social enterprise organisations.

Future Activity

Planning future services is challenging with increasing demand and needs alongside reducing or level budgets.



What's important strategically?

Norfolk and Waveney has an annual budget in excess of £1.5bn for health and social care services. However as a system we are seeing increasing demand resulting in budget pressures.

Needs are becoming increasingly complex and so our service improvements must be more co-ordinated and effective for the service user and their carer.

Services are improved where there is a coordinated, effective and seamless response.

Priority actions

We will work together to lead change for an integrated financially sustainable system by:

- Sharing our thinking, planning, opportunities and challenges – informing new ways of working and transformation.
- Engage with and listen to service users, residents and communities to inform our understanding and planning.
- Undertake needs assessments, including the JSNA, to help us keep our Strategy on track and understand its impact.
- Develop mechanisms such as risk stratification tools and the sharing of information to target care where it is needed most.
- Use partners' existing plans - building on the priorities partners are already working hard to address, identifying the added value that collaboration through the HWB's Strategy can bring.

Key Challenges

- Addressing these needs with all partners managing on reducing or level budgets.
- Working as a single system in the delivery of people centred care, across a complex organisational and service delivery landscape
- Driving the cultural change necessary to deliver a single sustainable health and wellbeing system

Key Measures

Each HWB organisation can clearly report to the HWB how they are:

1. Contributing to financial sustainability and an integrated system.
2. Reviewing the impact of strategy and outcomes.
3. Using the evidence intelligently – including evidence from service users - in our discussions and our planning.
4. Working in partnership with others to support delivery of partners' transformation plans.

Image to follow

Healthwatch Norfolk (HWN)

The development of the Pharmaceutical Needs Assessment (PNA) is a good illustration of collaborative working in Norfolk.

The Health and Wellbeing Board is responsible for publishing and updating the PNA which sets out the current pharmaceutical services available in Norfolk, identifies any gaps in services, and makes recommendations on future development.

Healthwatch Norfolk (HWN) were selected to coordinate and produce the PNA through a steering group of partners. A HWN survey to support the assessment resulted in over 2700 responses.

Alex Stewart, Chief Executive of Healthwatch Norfolk, said:

"This has been the liveliest and most interactive Needs Assessment that HWN have been involved in to date and we have had pleasure in helping to ensure that the voice of the public and patients are represented in this process. A feeling of trust and sound working relationships built over time between several group members has enhanced the sense of achievement. Other additional benefits to this collaborative partnership approach has brought a cultural sensitivity to the PNA. Recommendations around translation services in pharmacies have identified possible cost savings with avoidance of potential adverse events."

Image to follow

Supporting people to be healthy, independent and resilient

Children & Young People

About 283,200 under 25 year olds live in Norfolk and Waveney - this number is forecast to remain steady

Age	2015	Change	2025
0-4	54,200	↑ 1%	54,700
5-11	74,400	↑ 6%	78,700
12-18	73,400	↑ 12%	82,500
19-25	81,300	↓ 10%	73,500

The health and wellbeing of children is consistent with the England average, as are recorded levels of child development.

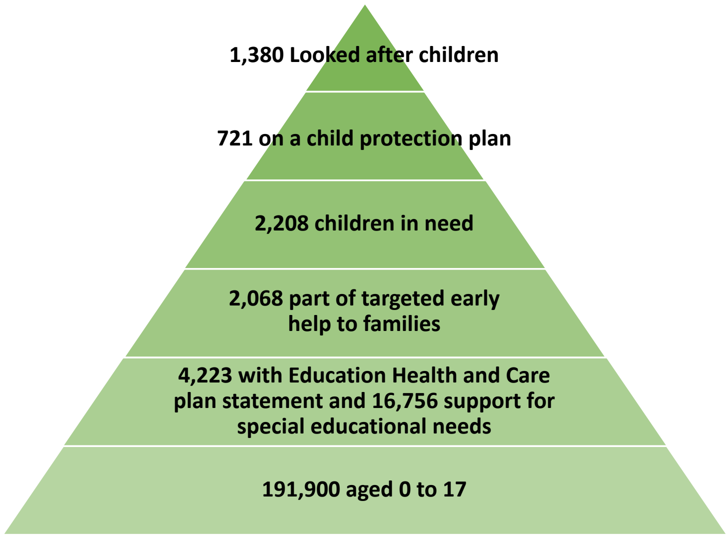
1 in 4 children are overweight by age 4 – 5.

There are fewer teenage pregnancies but remain above England average in Great Yarmouth and Norwich.

1 in 7 women are smokers at the time of having a baby.

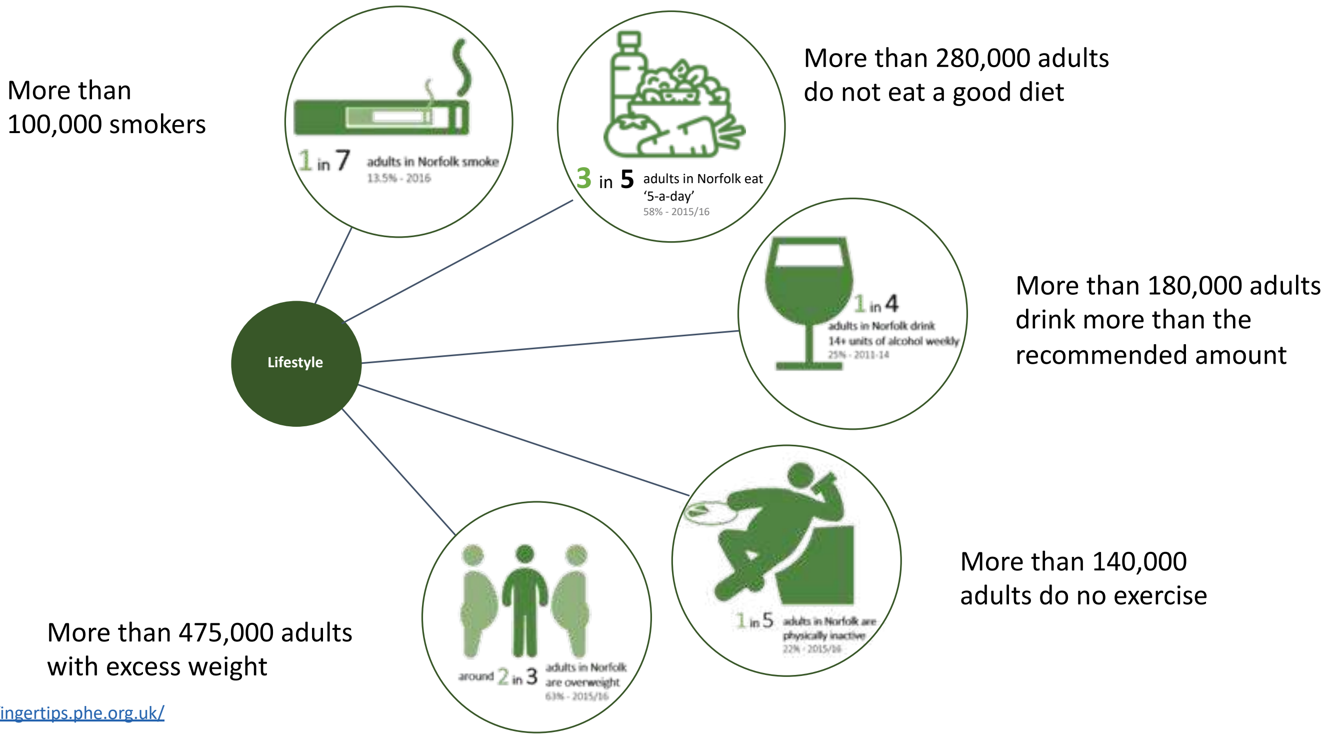
Levels of anxiety in young people are rising as are hospital admissions for self-harm.

1 in 7 children live in relative poverty



The vast majority of children and families are supported by universal services such as health visiting, early years provision, schools and colleges. There are some children accessing additional social care and educational support and services based on their needs.

Unhealthy lifestyles impact on our health outcomes and need for health services.



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Healthy lifestyles and health services

We are seeing demands on our hospital based services with:

- 10,900 smoking attributable hospital admissions in 2016/17.
- 8,911 hospital admissions where obesity was the main or secondary diagnosis.
- 6,020 hospital admissions for alcohol-related conditions.
- 3,852 emergency hospital admissions due to falls in people aged 65 and over.

Inequalities in healthy lifestyles

If the most deprived areas had the same rates as other areas then each year we would see:

- 400 more children at a healthy weight.
- 1,000 fewer emergency admissions for older people.
- 60 fewer deaths due to preventable causes.

What's important strategically?

There is strong evidence that interventions focussed on prevention are both effective and more affordable than just focussing on providing reactive emergency treatment and care. To build a financially sustainable system means we must promote healthy living, seek to minimise the impact of illness through early intervention, and support recovery, enablement and independence.

Priority areas for prevention are:

- Creating healthy environments for children and young people to thrive in resilient, safe families.
- Delivering appropriate early help services before crises occur.
- Helping people to look after themselves and make healthier lifestyle changes.

Priority actions

We will prioritise prevention by:
Developing in partnership a systematic approach for children and young peoples' support and provision.

Embedding prevention across all organisational strategies and policies.

Providing joint accountability so that as a system we are preventing, reducing and delaying needs and associated costs.

Promoting and support healthy lifestyles with our residents, service users and staff.

Key Challenges

- Identifying and protecting investment in prevention within budgets.
- Identifying needs early and providing early access to support.
- Embedding prevention across all of our strategies and policies.
- Raising awareness of the impact of lifestyle on health, for example with diabetes

Key measures

Each HWB organisation can clearly report to the HWB how they are:

1. Implementing an integrated strategy and a single system approach for children and young people where need is understood and priority actions shared.
2. Prioritising prevention both at a policy level and in decision-making.
3. Promoting the health and wellbeing of their workforce.

Image to follow

Early Help and Family Focus

Early Help and Family Focus Broadland received a request for support for a young couple who had just had a baby and were homeless with no extended family support.

The early help practitioner arranged a joint visit with the health visitor and talked with them about their worries and what was working well for them. (This is the Signs of Safety approach).

The 'team around' the family then worked with the young parents to produce a plan which resulted in the following support.

Who did what

The housing options advisor continued searching for a suitable permanent home.

The young parents met with the debt advisor from Broadland District Council who helped them understand how to plan a budget and manage their finances. A benefits advisor made sure they were claiming the correct benefits.

The early help practitioner supported the young parents to talk with each other and to understand both their own and each other's emotions – encouraging them to argue less.

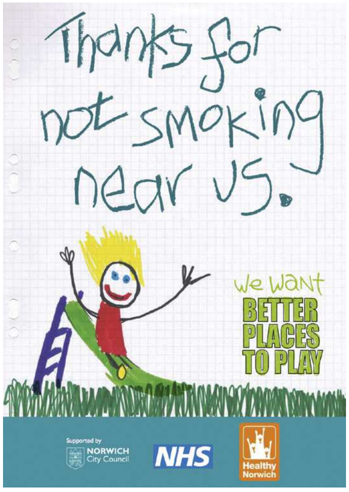
The early help practitioner worked with the health visitor to explain to the young parents how babies develop and what they need at the different stages of development.

Conclusion

The family are now in their own two bedroom flat and have worked hard to decorate and furnish it. Mum is now taking her baby to activity sessions in the community and slowly making some friends.

Image to follow

A Smoke Free Norfolk



Healthy Norwich is an example of an approach to improving health and wellbeing in the greater Norwich area by working together to make a healthier community.

Smoke Free Park signage has been placed in play areas to ask adults not to smoke nearby. This voluntary code will directly ***help prevent children and young people taking up smoking*** and potentially help smokers to ***seek support to quit.***

Smoke-free sport, including **#Smokefree Sidelines,** is backed by Norfolk Football Association (FA) where local youth football clubs are championing the message that smoking has no place in youth sport. – ***"#Smokefreesidelines.uses non-judgemental messaging and will encourage people to think twice before exposing young people to smoking. This will make the idea of smoking less normalised."***

Rebecca Burton, Communications Manager, Norfolk FA

As well as discouraging smoking, *Smoke Free Sport* brings about additional benefits including:

- **Protecting the environment** and saving money by reducing tobacco-related litter.
- Offering further protection from the **harmful effects of second-hand smoke.**
- Providing the opportunity for public acceptance of **voluntary smoke-free locations.**

Image to follow

Providing most support for those who are most in need.

Deprivation

Norfolk has average levels of deprivation but an estimated 68,700 people live in the most deprived areas of England.

Norfolk and Waveney has a diverse population and deprivation can be experienced in both urban and rural settings.

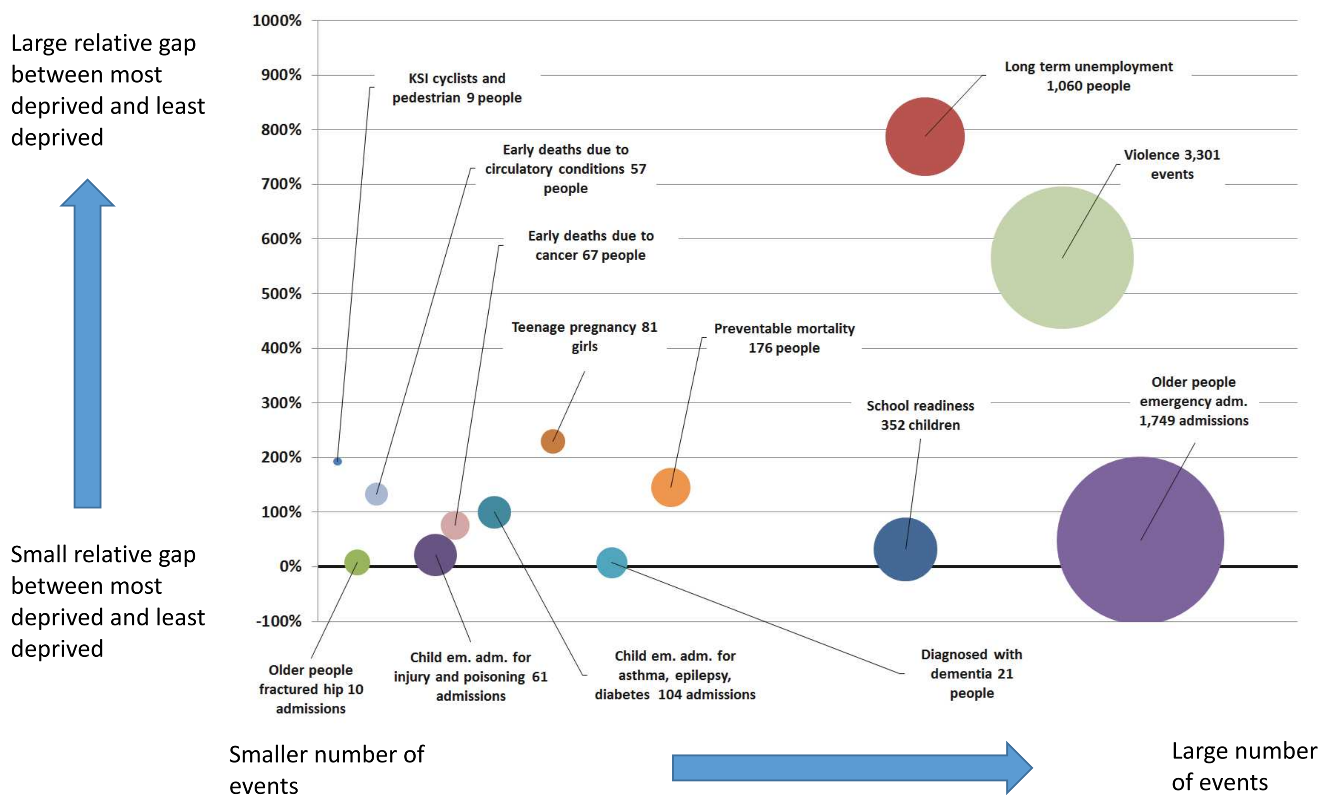
People living in deprivation are more likely to experience violence, crime and accidents despite Norfolk having a low overall crime rate.

Four districts in Norfolk and Waveney are in the lowest quintile in England for social mobility - driven by lower levels of education attainment and skill level.

Inequalities and life expectancy

The difference in life expectancy gap between those living in the most deprived and the least deprived areas is about 7 years for men and 4.5 years for women.

People living in our 20% most deprived areas are more likely to smoke, have an unhealthy diet and be less active.



Preventable illness, violence, drug overdose, suicide and accidents outcomes do correlate with deprivation. For example, if the most deprived experienced the same rates as the least deprived there will be 3,301 fewer violent events per year.

What's important strategically?

Those living in our most deprived communities experience more difficulties and poorer health outcomes. We recognise that together, we need to deliver effective interventions, to break the cycle, mobilise communities and ensure the most vulnerable children and adults are protected.

To be effective in delivering good population outcomes we need to most help those in most need and intervene by working together at county, local and community levels to tackle issues reflecting whole system priorities as well as specific concerns at the right scale.

Reducing inequalities in health and wellbeing will involve addressing wider issues that affect health, including housing, employment and crime, with community based approaches driven by councils, the voluntary sector, police, public sector employers and businesses.

Image to follow

Key Challenges

- Identifying and ensuring access to services for those most vulnerable.
- Promoting healthy relationships in families and communities.
- Helping people out of poverty, particularly hidden rural poverty.

Key measures

Each HWB organisation can clearly report to the HWB how they are:

1. Promoting alignment and consistency in local delivery partnerships to plan for, and with, their local community.
2. Reducing the impact of crime, injuries and accidents in our most deprived areas.
3. Using source data available (including from the JSNA) to inform strategic plans.

Priority actions

We will commit to working together to build on the strengths in local communities, rural and urban, by:

- Improving locality working and sharing best practice.
- Providing and using the evidence to address needs and inequalities.
- Addressing the impact of crime, violence and injuries.
- Joining up development planning by working with those with planning responsibilities.

Great Yarmouth - Neighbourhoods that work

Neighbourhoods that Work (NTW) is a partnership initiative led by Great Yarmouth Borough Council together with seven partner organisations. NTW aims to connect local communities to the benefits of economic growth by:

- Increasing community resilience.
- Improving the responsiveness of voluntary sector support services.
- Increasing the participation of communities in driving forward sustainable economic development.

The vision is to work with local residents to build stronger communities - focussing on people, neighbourhoods, and the things that matter most. Community Development approaches are used to work with local people in the places they live to identify and act upon things that matter most to communities.

The project builds upon 10+ years of work in Great Yarmouth building on existing and award-winning community development infrastructure, incorporating active and engaged local residents, neighbourhood boards and a varied and diverse community and voluntary based organisations.

"Our starting point is that communities are full of people who can provide the connections that make their neighbourhood stronger. People thrive in communities that are well connected."

–Director of Housing and Neighbourhoods,
Great Yarmouth Borough Council.

Image to follow

Arts and Culture for health and wellbeing

"There is growing evidence that engagement in activities like dance, music, drama, painting and reading help ease our minds and heal our bodies. It is most encouraging to see just how much potential and ambition there is for joined-up action on this vital work in Norfolk."

Sir Nicholas Serota, Chair, Arts Council England.

Collaboration between Norfolk's arts, culture, health and social care sectors is well established with some major successes in attracting investment to deliver effective joint programmes.

Norfolk County Council's award-winning **Culture & Heritage, Communities, Information and Learning Services** including museums, libraries, archives, arts, community learning and sports play a key role in supporting local health and wellbeing priorities through the provision of: collaborative programmes; volunteering; learning and skills development; provision of welcoming and enriching spaces and professional development for arts, health and social care professionals.

With ten outstanding museums, **Norfolk Museums Service** is strongly embedded in our local communities, providing excellent and ongoing support for health and wellbeing priorities through its extensive public programmes and targeted projects.

With 47 community libraries, **Norfolk Library and Information Service** has a strong focus on reducing social isolation through providing safe and welcoming venues to enable people to engage with others, participate, volunteer and develop new creative skills.

Norfolk Arts Service leads the strategic development of arts, health and wellbeing collaboration in Norfolk. It works with multiple local and national partners to influence policy, identify and broker new collaborative opportunities and secure investment for new initiatives.

Image to follow

Collaborating in the delivery of people centred care

Living Independently in Later Life

Whilst life expectancy has risen only half of our retirement years are spent in full health. We will see the largest increases in the number of people over 65 years old.

There are 14,000 people living with dementia now - this is forecast to almost double to 25,000 by 2037 and most of these new cases will be in people aged over 85.

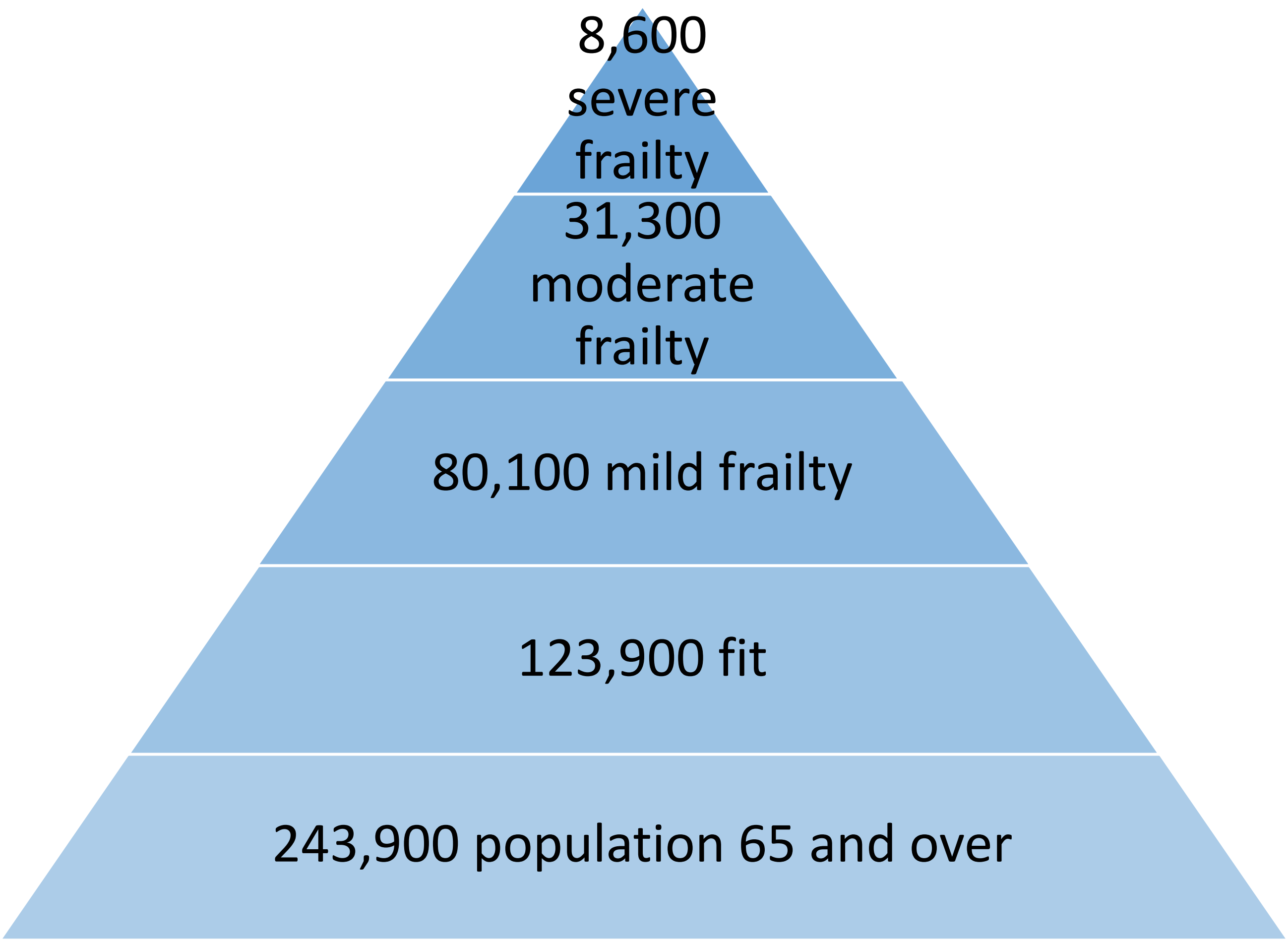
An estimated 23,200 people provide 50+ hours of unpaid care a week.

Mental health and wellbeing

About 1 in 7 people in Norfolk and Waveney experience a common mental health disorder with long term mental ill health being higher than the average for England.

- 8% of adults were recorded as having depression.
- 1,712 emergency hospital admissions were for intentional self harm in 2016/17.
- About 110 people die each year from suicide.

The number of ill health conditions an individual has contributes to the complexity of how to manage and increases the cost of health and social care.



Norfolk and Waveney frailty pyramid for 65 and over

What's important strategically?

We are seeing increasing demand with an ageing population. It is only by working together, in an integrated way, that we can meet the needs of people with more complex health and care challenges, managing with reducing or level budgets.

We want vulnerable people of all ages to live as long as possible in their own homes and to be independent, resilient and well - having access to early help and person centred care when needed.

Long term mental ill health is associated with significantly poorer physical health and shorter life expectancy.

Working together with and within communities is important to promote good mental health support and wellbeing.

It is also important to recognise the contribution of carers and the support they need.

Priority actions

We will ensure integrated ways of working by:

- Collaborating in the delivery of people centred care to make sure services are joined up, consistent and makes sense to those who use them.
- Working together to promote the important role of carers and the support they may also require.
- Embedding integrated approaches in policy, strategy and commissioning plans.

Key Challenges

- We are seeing increasing demand with an ageing population.
- Disease patterns are changing: multiple morbidity, frailty in extreme old age, and dementia are becoming more common.
- Ensuring parity of approach between physical and mental health.

Key measures

Each HWB organisation can clearly report to the HWB how they are:

1. Prioritising promoting independence and healthy later life both at a policy level and in decision-making.

2. Contributing to the Sustainability & Transformation Partnership's Strategy.

Image to follow

History of dementia partnerships in Norfolk

Dementia as a priority for Norfolk has been championed by a series of partnership groups over the years: The Norfolk Older People's Strategic Partnership, the Dementia Strategy Implementation Board, the Norfolk and Waveney Dementia Partnership and more recently the Dementia Academy.

Areas of focus continue to include:

- Early diagnosis and a gap free pathway for people with dementia and their carers.
- Improving advice and Information.
- Launch of **www.dementiafriendlyNorfolk.com**.
- Support for employers with a resource pack – addressing an ageing workforce, early onset dementia and more of us becoming carers.
- Medication advice – a leaflet detailing medication effects.
- Life stories as a resource to support stages of dementia.
- Prevention – research and evidence-based approaches to prevent and delay the onset of dementia.
- Involvement as a 'critical friend' in the dementia subgroup of the Norfolk and Waveney Sustainability & Transformation Partnership's Mental Health work stream.

Image to follow

Promoting independence in older age

Physical activity has been introduced into Norwich care settings by **Active Norfolk** through the Mobile Me scheme.

Jack, in his 90s, lives in an area where there is little interest in socialising as a community. He was inactive and rarely left his flat. Through Mobile Me Jack is now playing a sport he enjoyed in his youth - ***''I feel better in myself as I can play table tennis again. I'm surprised I still have the touch".***

Norse Care employs a physical activity coordinator for their housing schemes. ***"We have seen an increase in physical abilities, improvements in confidence and general wellbeing. There are also new social groups forming".***

Cotman Housing has secured funding in order to embed physical activity in their homes. Age UK has integrated physical activity into the **Agewise** project.

Image to follow

Improving mental health and wellbeing

Norwich Theatre Royal's **Creative Matters** includes performances and workshops to think about important societal and personal issues. This included sessions on men's mental health, stigma, and male suicide - sessions on dementia and homelessness are planned for 2018/9.

MensNet in Norfolk brings together organisations with a strategic interest in mental health. All to Play For is aimed at men struggling with mental health issues. John, 24, participates weekly:

"It has been very beneficial for me dealing with my mental health, boosting my confidence, and helping improve my people skills".

The **12th Man** project identified barber shops as positive spaces where discussions could happen. Barbers are trained in Mental Health First Aid and subtle prompts are used to encourage these discussions. This **Healthy Norwich** project won a national award in November 2017.

Image to follow

Working together to achieve joint outcomes

We commit to:

- Identifying the actions that each HWB partner will take in delivering our strategy, either through partners' existing plans or new initiatives.
- Developing an implementation plan so we can focus on the important things we have agreed to do together.
- Holding ourselves to account and be an accountable public forum for the delivery of our priorities.
- Monitoring our progress - reviewing data and information which impact on our agreed outcome measures.
- Carrying out in-depth reviews to understand the impact we are making.
- Reporting on our progress to the HWB – challenging ourselves on areas where improvements are needed and supporting action to bring about change.
- Keeping our Strategy live – reflecting the changes as we work together towards an integrated system.

Image to follow

Partner organisations involved in the Health and Wellbeing Board – Norfolk and Waveney

- Healthwatch Norfolk
- Broadland District Council
- NHS Great Yarmouth and Waveney CCG
- Voluntary Community and Social Enterprise Sector representatives
- Police and Crime Commissioner's Office
- Norfolk and Suffolk NHS Foundation Trust
- Breckland Council
- NHS North Norfolk CCG
- Norfolk and Norwich University Hospitals NHS Foundation Trust
- East Coast Community Healthcare Community Interest Company
- Great Yarmouth Borough Council
- Norfolk Independent Care
- Borough Council of King's Lynn and West Norfolk
- Norwich City Council
- NHS West Norfolk CCG
- North Norfolk District Council
- Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust
- South Norfolk Council
- Waveney District Council
- Norfolk and Waveney Sustainability Transformation Partnership
- Norfolk County Council
- NHS Norwich CCG
- Norfolk Constabulary
- NHS South Norfolk CCG
- James Paget University Hospitals NHS Foundation Trust
- Norfolk Community Health & Care NHS Trust

Image to follow

Policy and Resources Committee

Item No 12

Report title:	**Council Tax Exemption for Care Leavers**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Executive Director of Children's Services – Sara Tough**

As a corporate parent, Norfolk County Council is required to support to care leavers up to the age of 25 years. Providing a council tax exemption for care leavers would help relieve some of the financial pressures of independent living for this particularly vulnerable group and is in keeping with the aims and aspirations stated in the Department of Education document 'Keep on Caring'[1].

The Children's Services Committee on 22 May 2018 received the annexed report[2] and approved the report's recommendations.

Update on commitment from district councils

Currently Norwich City Council has agreed to the discount up until the age of 25 years, the scheme has been running since April 2018.

The other six district councils have been contacted and five have informal approval up until the age of 25 years from their management teams and are awaiting formal approval following the outcome at Full Council. Broadland District Council have in principal agreed up until the age of 21 years, dependent on Norfolk County Council's decision.

Financial preparedness post 25

The extension of the Personal Advisor role will allow more time for care leavers to be provided with appropriate financial support, helping them make positive financial decisions. This support should continue throughout the young person's time in care and up until the age of 25 to ensure we are not just delaying the issue of council tax debt and care leavers are financially prepared to manage the full cost of the council tax post 25. Some tools available in which these skills can be developed are:

- skills learnt through Norfolk's Passport to Independence
- support through the Personal Advisor role
- peer mentors
- life skills training courses
- good pathway planning

[1] https://www.gov.uk/government/publications/keep-on-caring-supporting-young-people-from-care-to-independence
[2] http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1468/Committee/8/SelectedTab/Documents/Default.aspx

Policy and Resources Committee is recommended to:

1) Recommend to Full Council that a scheme be adopted, as set out in the annexed paper and with the extension of Personal Advisor role, to deliver a full council tax discount for all Norfolk care leavers living either in or out of Norfolk who are under the age of 25 and are solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers aged up to 25.

Name of Committee

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Report title:	Council Tax Exemption for Care Leavers
Date of meeting:	
Responsible Chief Officer:	Executive Director Children's Services, Sara Tough

Strategic impact

Corporate parenting is a statutory function of the Council. Provisions contained in the new Children and Social Work Act 2017 sets out in law what it means for a local authority to be a good corporate parent.

The underlying principle is that every local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children; for example, successful transition to young adulthood and financial independence.

Furthermore, the children's social care inspectorate, Ofsted, has the 'Experience of Looked After Children and Care Leavers' as a key judgement area in its evaluation of local performance, and expects Councils and children's services to provide clear evidence that it supports it's young people leaving care up to the age of 25, in a way that optimises their outcomes.

This proposal for a council tax exemption for Norfolk care leavers is in keeping with the aims and aspirations stated in the DfE document "Keep on Caring", particularly achieving financial independence.

Executive summary

Children and young people who are looked after by the local authority are amongst the most vulnerable groups in our community. The County Council has statutory corporate parenting responsibilities towards young people who have left care up to the age of 25. As corporate parents, the Council has the responsibility to keep them safe, make sure their experiences in care are positive, and improve their on-going life chances.

A child in the care of the council looks to the whole council to be the best parent it can be to that child. Every member and employee of the council has the statutory responsibility to act for and for that child in the same way that a good parent would act for and for their child.

Care leavers can find themselves grappling with the challenges of living independently; managing a household, continuing education or seeking employment, as well as managing their personal finances and paying household bills for the first time – often on a very low income and without the support of family or previous financial education to help them navigate this.

This can make care leavers a particularly vulnerable group when it comes to the collection of council tax when moving into independent accommodation.

Information provided by Broadland District Council shows of the current five care leavers who have a council tax liability, two have been subject to enforcement action for non-payment.

Further anecdotal evidence shows spiralling debt and the threat to their tenancies are amongst the biggest issues in care leaver's lives, often leading to abandonment and tenancy loss, making it extremely difficult for young people to access accommodation at a later stage. This can have a great impact on not only the young person's health and wellbeing but the wider community i.e. homelessness, health, crime and the prison service.

Research by the Children's Society has found that more than a third of councils across England have taken the step to exempt care leavers from council tax, enhancing their service's 'local offer' to care leavers, the quality of which is a key point of focus in Ofsted inspections.

In a two-tier area like Norfolk it is the district councils who are the billing authority and issue council tax bills to care leavers. Therefore any direct change to care leavers' council tax bills would have to be implemented by the district councils.

This paper sets out a proposal for a full council tax discount for all Norfolk care leavers who are under the age of 25 years and solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers up to the age of 25.

Under this proposal Norfolk County Council would forgo its share of care leaver's council tax (around 75%) and work with the seven Norfolk district councils and the Norfolk Police and Crime Commissioner to agree that they bear their share of the full discount and seek to implement a uniform scheme across Norfolk.

Currently Norwich City Council has agreed to the discount up until the age of 25 years and Broadland District Council in principal agrees up until the age of 21 years, and dependent on Norfolk County Council's decision.

In order to ensure that Norfolk care leavers residing outside of Norfolk are not disadvantaged, the paper also proposes a grant scheme to compensate these individuals for their council tax bills, subject to the same eligibility criteria.

Recommendations:

Children's Services Committee are recommended to:

a) **Recommend to Policy and Resources Committee and Full Council that a scheme be adopted as set out in this paper to deliver a full council tax discount for all Norfolk care leavers living either in or out of Norfolk who are under the age of 25 and are solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers aged up to 25.**

b) **Commission officers to undertake further work with the seven Norfolk District Councils and the Norfolk Police and Crime commissioner to seek to agree that all authorities bear their share of the full discount and that a uniform scheme can be implemented across Norfolk.**

1. Proposal (or options)

From April 2018 Section 3 of the Children and Social Work Act 2017 requires local authorities to provide a Personal Advisor and leaving care support until the age of 25, removing the existing distinction between care leavers in education and training and those who are not. The Act also places corporate parenting responsibilities on district councils for the first time, requiring for them to have regard to children in care and care leavers when carrying out their functions.

The extension of the Personal Advisor role will allow more time for care leavers to be provided with appropriate financial support, helping them make positive financial decisions. This support should continue throughout the young person's time in care and up until the age of 25 to ensure we are not just delaying the issue of council tax debt. Some tools available in which these skills can be developed are:

- skills learnt through Norfolk's Passport to Independence
- support through the Personal Advisor role
- peer mentors
- life skills training courses

- good pathway planning

This report sets out a proposal to provide a full council tax discount to all Norfolk care leavers living in and out of Norfolk who are under the age of 25 and are solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers aged up to 25.

It is proposed that the discount be operated as follows:

1. The discount will apply to individuals for whom Norfolk County Council held corporate parenting responsibility at the point when the young person left care (a care leaver).
2. The level of discount applied will be 100 per cent of residual council tax liability after taking account of any other available statutory discounts/exemptions to which the resident may be entitled (for example single person discount).
3. The discount will apply only to those care leavers in single residence who have sole liability, or who are sharing with one or more other eligible care leaver(s) under the age of 25.
4. Eligibility to the discount would cease on the care leaver's 25th birthday.
5. The discount would be awarded against any future council tax liability from the date of implementation.
6. The discount will not be means tested or responsive to the individual circumstances of the 'care leaver' if s/he is between the ages of 18 to 24.
7. Where the care leaver resides, and is liable to pay council tax in Norfolk, the County Council will seek to work with the billing authorities to implement a full local council tax discount for Norfolk care leavers under S13A of the Local Government Finance Act 1992 (as amended). The cost of a S13A discount is borne by the billing authority (district council). The County Council would therefore compensate districts implementing such a discount for the county council element of the council tax (approximately 75%) and would engage with the Norfolk Police and Crime Commissioner to seek a contribution to the district in respect of their share. A process to confirm the actual cost of support provided by districts will need to be established for the County Council to make payment. Care leavers for whom the County Council does not have a corporate parenting responsibility (i.e. those from outside Norfolk but now residing in the county) would not be eligible for reimbursement to the district (although are not precluded from applying to a district council under the normal terms of their discretionary relief policy).
8. Where the care leaver resides, and is liable to pay council tax outside of Norfolk, the cost would need to be met fully by Norfolk County Council via a grant claim system, which will need to be developed to include a mechanism to ensure the grant is used for the purpose intended. A grant system could also be implemented where a Norfolk district chooses not to implement a S13A discount.
9. A process will be determined to work with billing authorities to ensure that the individual is a Norfolk care leaver and meets the criteria

There is an option to "do nothing", as the Government intention is for councils to continue to use their local discretion. However, the evidence for supporting care leavers as they move into independent living is persuasive.

2. Evidence

The Children's Society published a report "The Wolf at the Door" in March 2015, showing that Care Leavers were a particularly vulnerable group when it comes to the collection of Council Tax when moving into independent accommodation. The report revealed how problem debt such as council tax is having a profound impact on children's lives, causing them stress, depression and anxiety. This stress can lead to a number of young people abandoning accommodation.

In the Government's "Keep on Caring" strategy published in July 2016, councils are encouraged to consider the role of a Corporate Parent 'through the lens of what any reasonable parent does to give their child the best start in life'. For many this may mean providing financial support when first living independently. Local authorities are encouraged to consider exempting care leavers from Council Tax using powers already at their disposal.

3. Financial Implications

The ability to implement a council tax discount is only available to billing authorities which would be district, metropolitan borough, and unitary councils rather than the county council. Therefore it is district councils in Norfolk which have the power to offer a discretionary discount to care leavers. In Norfolk agreement to implement this will need to be obtained from the seven district councils who have all been approached and are open to the proposal. As set out in the proposal above, a hybrid scheme with a grant funding element will be required to provide equivalent support to those Norfolk care leavers living outside of the county, and in the event that a Norfolk district does not agree to implement a local discount.

Norfolk County Council currently receives around 75% of council tax collected in Norfolk, with the remaining 25% going to district councils and the police. The financial impact to the County Council of removing council tax liability for care leavers is difficult to forecast. It is dependent on variables such as the number of eligible care leavers, the council tax band of the dwellings they reside in, and whether they qualify for single person discounts or any other form of council tax relief.

Data as of 4 May 2018 shows Norfolk County Council has 471 known open case care leavers aged between 18-25 years. Of these 180 (38%) are living independently and we estimate 116 (25%) living in Norfolk to have a council tax liability (not in education/training or living with other tax paying adults who are liable).

There is also the possibility that a care leaver may choose to leave the Norfolk area therefore a grant scheme will be required to support them with their council tax payment. Of the 180 care leavers living independently 32 are living out of county, of which 15 have a possible liability.

At the Full Council meeting of 12th February, Members approved a council tax increase which will result in a Band A council tax level of £881.82 for Norfolk County Council's share of council tax in 2018-19.

Removing the council tax liability for an estimate of 116 care leavers could therefore cost the County Council around £102,291 in 2018-19. This estimate should be treated with caution. A number of these care leavers are in receipt/will be eligible for single person discounts or other forms of council tax relief, which would reduce the cost of the care leaver exemption and the cost to the Council. However, the care leavers could be living in accommodation with a council tax liability higher than a Band A, which would increase the cost of the care leaver exemption and the cost to the Council.

These are currently just estimates of likely numbers and costs. Due to the number of unknowns and variables involved the actual cost to the authority will not be known until the exemption is in place. The maximum cost to the County Council could be substantially higher if the offer of a discount encourages a change in behaviour resulting in higher numbers of care leavers living independently and claiming the discount.

There are currently 479 care leavers who are closed to the Leaving Care service with whereabouts unknown, so the impact of this cohort is difficult to determine. Further work would be required to understand the numbers of those that are living independently and with a council tax liability.

Taking this rate of 25% with a council tax liability and extrapolating based on the total number of care leavers aged (950 individuals) would result in the **council tax discount being required for 238 care leavers once the full cohort becomes known to the Leaving Care service**. The closed case care leavers are of an older age. This number with a council tax liability could be significantly higher if we assume those aged 21-24 are be more likely to be in their own accommodation.

On reviewing the age profile of current care leavers who will be eligible to pay council tax it is expected that the number will in **increase in 2020 to 250**.

The below table provides an estimate of the annual cost to Norfolk County Council of removing the council tax liability on the current known cohort living in Norfolk, an estimate of the 2018-19 cost if the full cohort of current care leavers were known and an estimate of potential future cost when the full cohort of increased numbers of care leavers is known.

	2018/19 current known cohort	**2018/19 if full cohort known**	**2020 onwards – full cohort known**
Number of care leavers currently open to the LC team aged 18-25 years with a council tax liability	116*	238	250
Possible total cost to County Council (based on Band A)	£102,291	£209,873	£220,455

*excludes those out of county or address unknown

Norfolk County Council is currently forecasting a budget gap of £95m over the next three years to 2021-22. **Any reduction in council tax income will result in increased financial pressures for the County Council to address**.

There is also a cost for the recovery/prosecution process to the billing authorities, where care leavers fall into council tax arrears. It is assumed the cost of administering a S13A discount would be absorbed within districts' existing resources.

4. Issues, risks and innovation

- Other resource implications (staff, property)
  Implementation of the exemption for Norfolk care leavers will be carried out by the billing authorities. There may be resource implications on Children's Services staff in the administration of grant payments to care leavers living out of county.

- Risks
  If this is not adopted, care leavers will continue to be subject to the consequences of recovery action, including the necessity for our Leaving Care service to help and support young people who have been evicted

- Equality
  Care leavers are seen as a vulnerable and disadvantaged group, disproportionally represented in national homelessness data.
  This scheme would be available to those care leavers living in and out of Norfolk, meaning those who choose to move out of Norfolk would not be disadvantaged.

- Environmental implications
  N/A

- Health and safety issues
  N/A

5. Background

Under the Children (Leaving Care) Act 2000 the council's responsibilities to Care Leavers can continue until the age of 25. There is a duty to improve the life chances of young people living in and leaving care, meaning that the council must plan for these individuals so that they have the support needed to make their transition to a successful adult life.

Care leavers often have to take on more financial responsibilities than their peers, when they might be on low income and without similar family support networks. They can often feel overwhelmed by this, while seeing peers at work or college enjoying more spending power and financial security.

In its role as corporate parent, the council (not just the County Council) should ensure that care leavers are given the same level of care and support their peers would expect from a reasonable parent and they are provided with opportunities to help them move successfully to adulthood and independent living.

The government made recommendations in July 2016 that Local Authorities should consider exempting care leavers from Council Tax, using their existing discretionary powers. This recommendation is part of the government's care leaver strategy "Keep on Caring", in which councils are encouraged to consider their role as a corporate parent "through the lens of what any reasonable parent does to give their child the best start in life".

A growing number of Local Authorities are now setting up the exemption, meaning that more and more Care Leavers across the UK are not having to pay Council Tax.

The Billing authorities have discretion under Section 13A of the Local Government Finance Act 1992 to reduce council tax to nil for individuals, or for classes of taxpayer.

It is proposed that the district councils use this discretion to provide Care Leavers (up to the age of 25) with a discount so that their council tax liability will be reduced to nil from no later than April 2019.

Background documents

Norfolk County Council's overall vision;

'***Norfolk County Council will be a consistent, caring and responsible parent to all children and young people in our care through to adulthood. We Promise to put Children First and to work with them and the important people in their lives to ensure they are safe, happy and well. We will always be there at the right time to support children and young people to achieve their own personal ambitions by never giving up on them'***

Keep on Caring" – Government Strategy December 2016
(available online: https://www.gov.uk/government/publications/keep-oncaring-supporting-young-people-from-care-to-independence)

"The Wolf at the Door" – The Children's Society report 2015
(available online: http://www.childrenssociety.org.uk/what-we-do/resourcesand-publications/the-wolf-at-the-door-how-council-tax-debt-collection-is)

Looked after Children and Leaving Care Strategy 2016-2019, Norfolk County Council (available online https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/childrens-social-care-policies/looked-after-children-and-care-leavers-strategy)

Officer Contact

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

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

Officer Name: Amanda King Tel No: 01603 306388 Email address:amanda.king@norfolk.gov.uk

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Policy and Resources Committee

Item No 13

Report title:	**Enterprise Zone Update**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services – Simon George**

Strategic impact

This report provides details of legal agreements required to facilitate the operation of the "Space to Innovate" Enterprise Zone sites, which need to be agreed between the New Anglia Local Enterprise Partnership (the LEP), County Council, and relevant District Council.

The County Council has a particular interest in respect of the Enterprise Zone site at Scottow, where it also owns the freehold.

Executive summary

Policy and Resources Committee received a report on the establishment of the second New Anglia Enterprise Zone "Space to Innovate" in March 2016. Since that time, negotiations between the LEP, District Councils, and other stakeholders have been ongoing to prepare the legal agreements which will support the allocation of business rates generated within the Enterprise Zone sites. Each site requires a bespoke agreement to take account of site-specific issues and the latest drafts are appended for the Committee's information.

Policy and Resources Committee is recommended to:

1) **Delegate authority to the Executive Director of Finance and Commercial Services to agree the final terms of the legal agreements in relation to the Enterprise Zone sites at Scottow, Norwich Research Park and Nar Ouse Business Park (drafts appended to this report) for signature on behalf of Norfolk County Council.**

2) **Delegate authority to the Executive Director of Finance and Commercial Services to sign the legal agreement in respect of the Enterprise Zone site at Egmere when it is available.**

1. Introduction

1.1. The "Space to Innovate" Enterprise Zone incorporates a number of sites across Norfolk and Suffolk. In Norfolk these are:

- Scottow (North Norfolk)
- Egmere (North Norfolk)
- Norwich Research Park (South Norfolk)

- Nar Ouse Business Park (King's Lynn and West Norfolk)

1.2. A formal legal agreement for each site is required to enable the distribution of the growth in Business Rates income from the new Enterprise Zone between the costs of site development, the relevant County and District Councils, and the New Anglia LEP.

1.3. The fundamental starting point is that all growth in business rates generated from enterprise zones should be retained by the local enterprise partnership for a period of 25 years. The legal agreements therefore provide a mechanism by which a share of this income is released to fund site development, and to compensate the County and District Council for any costs they may incur due to the existence of the Enterprise Zone in their area.

1.4. Policy and Resources Committee received a report on the establishment of the "Space to Innovate" Enterprise Zone in Norfolk and Suffolk in March 2016 which set out details of the Enterprise Zone and the anticipated benefits it would deliver.

2. Proposed agreement terms

2.1. The proposed legal agreements for each site have been subject to negotiation between the LEP, District Councils, and other stakeholders. The draft legal agreements as provided by the LEP in respect of Scottow, Norwich Research Park, and Nar Ouse Business Park are appended to this report. Following review, a small number of minor amendments to these drafts have been identified to provide additional clarity and consistency and these will be passed back to the LEP to consider. The legal agreements enable the allocation and release of business rates generated within the Enterprise Zone sites. Each site requires a bespoke agreement to take account of site-specific issues, for example where a greater level of initial investment may be required to unlock development in order to support the identified growth potential, and this is reflected in the variation in the proposed splits between the funds as shown in the table below.

2.2. In respect of the four "Space to Innovate" sites within Norfolk, agreement has been reached for three of the sites, but negotiations are ongoing in relation to Egmere.

2.3. The proposed legal agreements set out a split of business rates income between:

- Fund A1 – To ensure that the finances of the Collecting Authority (District Council) are not disadvantaged by the Enterprise Zone site;
- Fund A2 – To ensure that the finances of the County Council are not disadvantaged by the Enterprise Zone site;
- Fund B – To fund investment that will accelerate the development of the Enterprise Zone site and so increase the growth in business rates (site investment); and

- Fund C – To establish a "New Anglia Challenge Fund" which will be used to fund activities laid out in New Anglia's "Strategic Economic Plan" across the county.

2.4. For the three legal agreements which have been prepared, the proposed split is set out in the table below. The County allocation (Fund A2) is highlighted.

Table 1: Proposed split of Business Rates by Enterprise Zone site

Site	Nar Ouse Business Park	Norwich Research Park	Scottow Enterprise Park
District	King's Lynn and West Norfolk	South Norfolk	North Norfolk
Fund A1	0% until the full reimbursement of Site Infrastructure Costs to be met from Fund B 20% for the remainder of the term	12.8%	20% (including a 4% contingency)*
Fund A2	0% until the full reimbursement of Site Infrastructure Costs to be met from Fund B 10% for the remainder of the term	3.2%	3%
Fund B	85% until the full reimbursement of Site Infrastructure Costs to be met from Fund B 15% for the remainder of the term	60% for the first 16 years 40% for the remainder of the term	52%
Fund C	15% until the full reimbursement of Site Infrastructure Costs to be met from Fund B 55% for the remainder of the term	24% for the first 16 years 44% for the remainder of the term	25%

* This contingency may be applied to support Fund B to achieve projected levels, subject to review of the funds to be undertaken at five yearly intervals as set out in the draft legal agreement.

2.5. Prior to the allocations above being made, New Anglia (the LEP) costs incurred in operating the zone are to be top-sliced from the business rates uplift in the Enterprise Zones. These costs are capped at £0.200m for the period up to the end of 2019-20 and will be divided equally between the nine Enterprise Zone rates collecting areas (Districts) in Norfolk and Suffolk. (This also includes a contribution from the Space to Grow Enterprise Zone in Gt Yarmouth and Lowestoft).

3. Scottow Enterprise Park

3.1. The County Council has a particular interest in respect of the Enterprise Zone site at Scottow Enterprise Park, where it also owns the freehold. The existence of an Enterprise Zone is expected to enable accelerated development of the site.

3.2. Scottow Enterprise Park is operated as a shadow business. As such there is an expectation to seek to meet any capital financing requirement from revenues earned on site. Therefore, any Enterprise Zone funding (via Fund B) is allocated to Scottow Enterprise Park and will then be applied to costs of borrowing, and project costs in accordance with the Fund B eligibility criteria set out in Schedule 3 of the proposed legal agreement.

3.3. The draft legal agreement sets out that where Fund B funding is used to support a project which directly generates revenue (such as rental income, fees, or royalties) or is used to fund the purchase of a capital asset which has a residual value, the parties to the legal agreement will agree how such a surplus is to be shared. This will need to be dealt with on a case by case basis but in practice it is not anticipated that any Fund B funding utilised at Scottow will generate a revenue surplus due to the level of site investment required and in view of its non-profit making status.

4. Financial implications

4.1. There are no further significant financial implications for the County Council beyond those set out in this report.

4.2. The presence of Enterprise Zones in Norfolk is intended to “unlock” difficult development sites and help to generate economic growth. A key benefit of an Enterprise Zone for local authorities is that the local area gains 100% retention of the business rates uplift from within the Enterprise Zone. In other words, 100% of growth in an Enterprise Zone is retained in the local area – considerably more than is currently the case with business growth elsewhere in Norfolk. However, rather than flowing to the District and County Council, business rates income is channelled to the Local Enterprise Partnership (in Norfolk and Suffolk, the New Anglia LEP). Technically the legal agreements mean the County Council is forgoing a share of future business rates income, however the presence of an Enterprise Zone means that in any case income would be attributable to the LEP rather than the local authority. Furthermore, without Enterprise Zone status, the rate of development on these sites would be lower, or in some case they would not progress at all. The need for a Fund B to enable development reflects this. However, it should be noted that the Council will have considerable influence on how the LEP will deploy its Challenge Fund – which will be oriented towards the agreed Economic Strategy.

4.3. In addition, the starting point for “Space to Innovate” Enterprise Zone sites in Norfolk is that (with the exception of the Norwich Research Park) there was no existing business activity in the Enterprise Zone area. It is debateable to what extent growth would be achieved in these areas without the presence of an

Enterprise Zone. The draft legal agreements provide a mechanism to deliver a share of funding to both the District and County, support investment in site development, and to channel investment towards economic development, which should help to sustain business growth and deliver future increases in income through the Business Rates Retention scheme.

5. Issues, risks and innovation

5.1. No specific risks or other significant legal, resource or equality implications in respect of this report have been identified. The following points have been identified following a legal review of the draft agreements.

- There is a review process in Schedule 2 relating to the funds.
- The decision maker is asked to note that the Collecting Authority may unilaterally terminate the agreements and the exit strategy in Schedule 5 will apply.
- The County Council may terminate the agreement by agreement with the Collecting Authority, and in that case, the exit strategy in Schedule 6 will apply.
- In the event of a dispute, the parties will resolve this in accordance with the escalation process in Clause 4, which includes an agreement to try to resolve any issues by a process of dialogue.
- In the event parties wishes to change the scope or terms of the agreement, there is a change control mechanism set out in Clause 8.

5.2. A number of minor proposed amendments to the draft agreements to ensure consistency and provide clarity have been identified and these will be raised with the LEP prior to the agreements being finalised.

6. Summary

6.1. The appended legal agreements are necessary to enable the release of business rates generated on Enterprise Zone sites since their establishment. The agreements provide a mechanism by which a share of this income can fund site development, and to compensate the County and District Council for any costs they may incur due to the existence of the Enterprise Zone in their area. The presence of an Enterprise Zone brings benefits in that it supports the development and economic growth of otherwise difficult sites, and provides additional funding for wider economic development activity across the county through the retention of 100% of the business rates growth from the Zone. It is therefore recommended that the Committee delegate authority to the Executive Director of Finance and Commercial Services to agree the final terms of the legal agreements in relation to the Enterprise Zone sites at Scottow, Norwich Research Park and Nar Ouse Business Park as set out in this report.

Background Papers

Second Enterprise Zone – Establishment of New Anglia: “Space to Innovate”, Policy and Resources Committee, 21 March 2016, Item 10:

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/497/Committee/21/SelectedTab/Documents/Default.aspx

Officer Contact

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

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APPENDIX 1: Nar Ouse Business Park Draft Legal Agreement
APPENDIX 2: Norwich Research Park Draft Legal Agreement
APPENDIX 3: Scottow Enterprise Park Draft Legal Agreement

DATED 2018

NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED (1)

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK (2)

NORFOLK COUNTY COUNCIL (3)

AGREEMENT RELATING TO THE ALLOCATION OF BUSINESS RATES GENERATED IN NEW ANGLIA SPACE TO INNOVATE ENTERPRISE ZONE

Contents

This Agreement is dated 2018

BETWEEN:

(1) **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED** whose registered office is at 1 St. James Court, Norwich, Norfolk, NR3 1RU ("**New Anglia**");

(2) **BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK** of King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX (the **"Collecting Authority"**); and

(3) **NORFOLK COUNTY COUNCIL** of County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH (the **"County Council"**)

BACKGROUND:

1 The New Anglia Space to Innovate Enterprise Zone (the "**Zone**") comprises ten sites throughout Norfolk and Suffolk.

2 The policy of the UK Government states that all growth in business rates generated from enterprise zones should be retained by local enterprise partnerships to enable the partnerships to support their economic priorities for at least the next 25 years.

3 Occupiers of properties within the Zone who take occupation before April 2021 will be entitled to relief from business rates of up to £275,000 and HM Treasury has undertaken to reimburse the relevant local authority for the value of that business rate relief.

4 The Ministry of Housing, Communities and Local Government ("**MHCLG**") requires local enterprise partnerships with responsibility for enterprise zones to notify MHCLG of the arrangements which it has agreed in principle for the allocation of business rates which fall within their control.

5 The parties to this Agreement wish to continue their good record of mutual co-operation and support for working across local government electoral areas for the overall benefit of the County.

6 New Anglia has resolved to create a challenge fund (described as "**Fund C**" elsewhere in this Agreement) to which bids will be made in relation to projects which can contribute to the creation of jobs and economic growth within the County.

7 The parties have identified and agreed three overall objectives as underlying principles which will under pin the allocation of business rates which fall within the control of New Anglia as follows:

7.1 to ensure that the finances of the Collecting Authority are not disadvantaged by the development of the Area;

7.2 to earmark funds to accelerate the growth of the Area and so increase the growth in business rates and resulting amount which falls under the control of New Anglia; and

7.3 to develop a challenge fund which will invest in projects to deliver jobs and growth across the County including within the electoral areas of the Collecting Authority.

8 The parties have agreed an Enterprise Zone Site Development Plan for the Area with MHCLG (the "**Development Plan**") comprising a package of projects sponsored and/or supported by relevant parties and endorsed by New Anglia.

9 This Agreement sets out the terms on which the parties have agreed the basis of allocation of the business rates which fall within the control of New Anglia to achieve the objectives set out in paragraph 7 above.

1 Definitions and Interpretation

1.1 In this Agreement, the following terms shall have the following meanings:

"**Area**" means that area (or areas) within the Zone for which the Collecting Authority is responsible for collecting business rates as shown in Schedule 1;

"**Business Rates Baseline**" means the baseline figure for rates generated in the Area annually before the commencement of this Agreement, as agreed with H M Treasury and MHCLG being zero;

"**Business Rates Uplift**" means, subject to paragraph 2 of Schedule 7, the amount by which rates generated in the Area in any year after the Effective Date exceed the Business Rates Baseline;

"**County**" means the county in which the Collecting Authority is based;

“**Current Commitments**” means any commitment to spend sums from Fund B or Fund C that a party is legally bound by and cannot avoid without additional cost and includes any interest, borrowing fees or other unavoidable costs incurred as a direct result of borrowing;

“**Development Plan**” has the meaning given to it in paragraph 8 of the Background and is more fully described in Schedule 3;

“**Effective Date**” means 1 April 2016;

“**Endorser**” has the meaning given to it in paragraph 11 of Schedule 3;

“**Fund**” means each of the funds (Fund A1, Fund A2, , Fund B and Fund C as described in Schedule 2) to be established and managed in accordance with this Agreement;

“**Interim Reviews**” means the reviews of all the Funds referred to in Schedule 2;

“**New Anglia Board**” means the board of New Anglia as constituted from time to time;

“**Project**” means a project which receives funding from Fund B as determined in accordance with Schedule 3;

“**Remainder of the Term**” means the period of the Term once the Site Infrastructure Cost has been repaid; and

“**Site Infrastructure Costs**” means all direct costs that the Collecting Authority incurs in developing the Area in the First Ten Years plus any land incidental to the Area.

“**Term**” means the period from the Effective Date until the date on which this Agreement expires or is terminated in accordance with its terms.

1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this Agreement.

1.3 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.

1.4 The Schedules and Background form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules and Background.

1.5 Words in the singular shall include the plural and in the plural shall include the singular.

1.6 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.7 A reference to writing or written includes e-mail.

1.8 Where the words "**include(s)**", "**including**" or "**in particular**" are used in this Agreement, they are deemed to have the words without limitation following them. Where the context permits, the words other and otherwise are illustrative and shall not limit the sense of the words preceding them.

1.9 Any obligation in this Agreement on a party not to do something includes an obligation not to agree, allow, permit or acquiesce in that thing being done.

1.10 References to clauses and Schedules are to the clauses and Schedules of this Agreement.

2 Commencement and Term

2.1 This Agreement shall come into force on the Effective Date and shall remain in full force and effect during the Term, subject to early termination in accordance with its terms.

3 The Funds

3.1 The parties agree that the Business Rates Uplift actually received by the Collecting Authority during the Term will be applied to establish the Funds described in more detail in Schedule 3.

3.2 The Collecting Authority will hold:

3.2.1 Fund A1 and Fund B; and

3.2.2 Fund A2 will be paid over to the relevant County Council as per Schedule 7

3.2.3 Fund C will be paid over to New Anglia as per Schedule 7.

3.3 Notwithstanding clause 3.2, the Funds shall be administered by the parties in accordance with the terms set out in this Agreement (unless otherwise agreed by all of the parties). In particular, the Collecting Authority shall ensure that Fund C receives a rate of interest that is not less than the base rate of the Bank of England from time to time and shall only hold Fund C in accordance with the terms set out in this Agreement. The Collecting Authority shall ensure the same in relation to Fund B.

3.4 The Collecting Authority shall keep proper and up to date accounts and records giving correct and adequate details of all transactions related to the Funds conducted by the Collecting Authority, and shall permit the duly appointed representatives of the other parties at all reasonable times and on reasonable notice to inspect all such accounts and records and to take copies thereof.

4 <u>Escalation</u>

4.1 If any party has any issues, concerns or complaints (an "**Issue**") about this Agreement or the operation of the Funds, that party shall notify the other parties and the parties shall then seek to resolve the issue by a process of dialogue.

4.2 If the parties are for any reason unable to resolve the Issue within 30 days of the Issue being notified to the other parties, the parties will attempt to settle the Issue by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator shall be nominated by CEDR Solve. To initiate the mediation, a party must serve notice in writing (an "**ADR notice**") to the other parties, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 30 days after the date of the ADR notice.

4.3 If the Issue is not resolved within 45 days after service of the ADR notice, the Issue shall be referred to and finally resolved by a single arbitrator unless any applicable legislation requires otherwise. The single arbitrator is to be agreed between the parties, or failing agreement within 14 days, after any party has given to the other a written request to concur in the appointment of an arbitrator, by an arbitrator to be appointed by the President for the time being of the Law Society.

4.4 Unless otherwise agreed by the parties or ordered by the arbitrator, all reasonable costs of mediation and/or arbitration incurred by the parties can be met from Fund B.

5 <u>Confidentiality and Freedom of Information</u>

5.1 Each party undertakes that it shall not at any time during the Term, and for a period of five years thereafter, disclose to any person any confidential information of any other party concerning the terms or operation of this Agreement, except as permitted by this clause 5.

5.2 Each party may disclose such confidential information of another party:

5.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under or in connection with this Agreement, provided that such party shall ensure that its employees, officers, representatives or advisers to whom it discloses another party's confidential information comply with this Clause 5; and

5.2.2 as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.

5.3 No party shall use any other party's confidential information for any purpose other than to exercise its rights and perform its obligations under or in connection with this Agreement.

5.4 Each party acknowledges that the other parties are subject to the requirements of FOIA and the Environmental Information Regulations (as defined in Schedule 4) and shall assist and co-operate with the other parties to enable the other parties to comply with those requirements.

5.5 Notwithstanding the generality of this clause5, the parties shall deal with Requests For Information (as defined in Schedule 4) connected with or in relation to this Agreement in accordance with Schedule 4.

6 <u>Intellectual Property</u>

6.1 Subject always to any specific arrangements agreed in respect of the ownership of any intellectual property rights generated in connection with any Project, the parties agree that any intellectual property rights created in connection with this Agreement shall vest in the party whose employee created them.

6.2 Where any intellectual property right vests in any of the parties in accordance with clause 6.1 above, that party shall grant an irrevocable, royalty-free licence to the other parties to use that intellectual property for the purposes of, or in connection with, this Agreement.

7 Termination

7.1 The Collecting Authority (the "**Leaving Party**") may terminate this Agreement by giving not less than 6 months' notice to the other parties that it wishes to withdraw from this Agreement ("**Unilateral Termination**"). In the event of Unilateral Termination, subject to the agreement of the parties or any applicable legislation, Schedule 5 shall apply.

7.2 This Agreement shall terminate (a "**Multilateral Termination**"):

7.2.1 by the agreement of the Collecting Authority and the County Council;

7.2.2 in the event that there is a change in law, regulations, policy or binding guidelines which makes the continuation of this Agreement unlawful or the arrangements under this Agreement unnecessary;

7.2.3 in the event that New Anglia ceases to exist; or

7.2.4 on the 25th anniversary of the Effective Date.

In the event of a Multilateral Termination, subject to the agreement of the parties otherwise or any applicable legislation, Schedule 6 shall apply.

7.3 Following termination of this Agreement for any reason whatsoever, any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination of this Agreement shall remain in full force and effect.

8 Change Control

8.1 If any party (the "**Requester**") wishes to change the scope and/or terms of this Agreement, it shall prepare and circulate to all other parties a written notice setting out the proposed changes, the reasons for requesting those changes and the likely impact of those changes on the operation, performance and wording of the

Agreement (a "**Change Proposal Notice**"). The Requester shall send a copy of the Change Proposal Notice to all other parties, giving those parties a period of no less than 60 days (reducible to as low as 20 days in cases which the Requester, acting reasonably, deems to be urgent) to respond and comment.

8.2 If all the parties agree to the proposed changes set out in a Change Proposal Notice, the Requester will set out the actual changes to the provisions of this Agreement in a written document (a "**Change Control Notice**") and will send the Change Control Notice to all of the parties. Once signed by all parties, the changes set out in the Change Control Notice will be effective and this Agreement will be deemed to be varied accordingly. For ease of reference, each Change Control Notice will be given a unique sequential number (e.g. "Change Control Notice 1" etc.).

8.3 If any one or more parties do not agree to the proposed changes set out in a Change Proposal Notice, the Change Proposal Notice will be referred to the New Anglia Board for review, discussion and comment. The New Anglia Board will endeavour to assist all of the parties to reach agreement on the proposals in the Change Proposal Notice or to negotiate amendments to those proposals. If the parties reach agreement on the proposals (or amended proposals), the Requester will set out the proposals (or amended proposals, as the case may be) in a Change Control Notice, which will be sent to the other parties for signature in accordance with clause 8.2.

8.4 For the avoidance of doubt, amendments to this Agreement may only be made by the unanimous decision of all the parties to this Agreement or as a result of an Interim Review.

9 General

9.1 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

9.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and the circumstances for which it is given.

9.3 Nothing in this Agreement is intended to, or shall operate to, create a partnership between the parties, or to authorise either party to act as agent for the other, and none of the parties shall have authority to act in the name or on behalf of or otherwise to bind the others in any way (including the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power) and none of the parties shall incur any expenditure in the name of or for the account of the others.

9.4 This Agreement does not create any rights or benefits enforceable by any person not a party to it (within the meaning of The Contracts (Rights of Third Parties) Act 1999).

9.5 Notice given under this Agreement shall be in writing, sent to the address and person set out below (or such other address or person as the relevant party may notify to the other party) and shall be delivered either personally, by courier, by pre-paid, first-class post or by recorded delivery. A notice is deemed to have been received: if delivered personally, at the time of delivery; in the case of pre-paid first class post, recorded delivery or courier, 48 hours from the date of posting. If deemed receipt under this clause is not within working hours, the notice will be deemed to be received at the commencement of normal working hours on the first working day following delivery. To prove service of notice, it is sufficient to prove that the envelope containing the notice was properly addressed and posted or handed to the courier. Notices shall be sent to:

Party	**Addressee information**
New Anglia Local Enterprise Partnership Limited	*Address:* c/o Mills & Reeve LLP, 1 St. James Court, Norwich, Norfolk, NR3 1RU *Attention:* ***Managing Partner*** *Ref: NSE/4024746-0005*
Collecting Authority	*Address:* King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX *Attention:* ***Chief Executive/Chief Finance Officer***
County	*Address:* County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH *Attention:* ***Chief Executive/Chief Finance Officer***

9.6 A notice may be served by email and if no "out of office auto-reply" is received by the sender within one hour of transmission the notice will be deemed to have been delivered:

9.6.1 on the same working day if transmitted prior to 5:00pm on a working day in the recipient's time zone; or

9.6.2 on the next working day if transmitted at or after 5:00pm in the recipient's time zone.

9.7 The email addresses for service of any notices under clause 9.6 are as set out below until such time as either party notifies the other in writing of any change:

9.7.1 for New Anglia: info@newanglia.co.uk;

9.7.2 for the Collecting Authority economic.development@west-norfolk.gov.uk; and

9.7.3 for the County: econdev@norfolk.gov.uk

10 Data Protection

10.1 For the purposes of this clause:

10.1.1 "**Data Protection Legislation**" shall mean the Data Protection Act 1998, or, from the date it comes into force in the UK, the General Data Protection Regulation (EU) 2016/679 (as applicable) and any other applicable laws and guidance from a Supervisory Authority relating to the protection of personal data and the privacy of individuals (all as amended, updated or re-enacted from time to time);

10.1.2 "**Personal Data**", "**Special Categories of Data**", "**Process / Processing**", "**Controller**", "**Processor**", "**Data Subject**" and "**Supervisory Authority**" shall have the meanings described in the Data Protection Legislation, save that where the Data Protection Act 1998 applies, references to "Controller" and "Processor" shall mean "data controller" and "data processor" as defined in that Act

10.1.3 "**Shared Personal Data**" means any Personal Data (including any Special Categories Data) shared between the parties in connection with this Agreement.

10.2 The parties agree and warrant:

10.2.1 That the transfer of Personal Data between them has been and will continue to be carried out in accordance with the Data Protection Legislation.

10.2.2 They have and will continue to Process the Shared Personal Data in accordance with the Data Protection Legislation.

10.2.3 To respond in a reasonable time and to the extent reasonably possible to enquiries from the Supervisory Authority on the Processing of the Shared Personal Data and to any enquiries from a Data Subject concerning the Processing of Shared Personal Data.

10.2.4 To adequately dispose of all Shared Personal Data at the end of this Agreement or at the end of any part of this Agreement, such disposal to be in accordance with the Data Protection Legislation.

11 Governing Law and Jurisdiction

11.1 This Agreement and any dispute or claim (including any non-contractual dispute or claim) arising out of or in connection with it or its subject matter, shall be governed by, and construed in accordance with, the laws of England and Wales.

11.2 The parties irrevocably agree that any dispute or claim (including any non-contractual dispute or claim) that arises out of or in connection with this Agreement or its subject matter shall be resolved pursuant to clause 4.

11.3 Nothing in clause 4 or this clause 10 shall prevent any party from applying at any time to the court for injunctive relief on the grounds of infringement, or threatened infringement, of the applicant's intellectual property rights.

Signed for and on behalf of **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED**

Signature: ....

Name: ....
Position: ....
Date: ....

Signed for and on behalf of **BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK**

Signature: ....

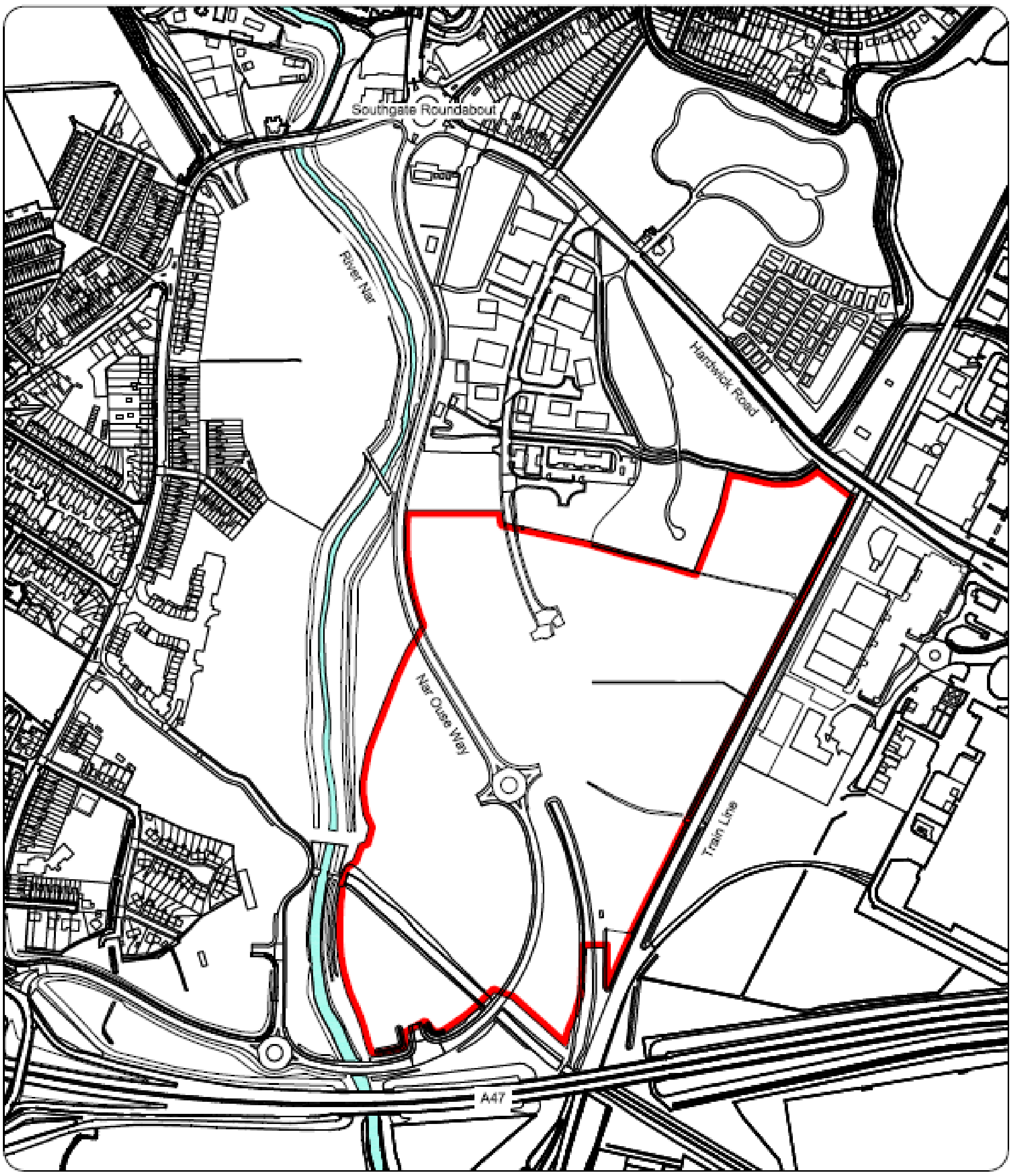
Name: ....
Position: ....
Date: ....

Signed for and on behalf of **NORFOLK COUNTY COUNCIL**

Signature:	....
Name:	....
Position:	....
Date:	....

Schedule 1

The Area



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Title 'New Anglia Space to Innovate Enterprise Zone - Nar Ouse Business Park'		Scale 1/5000 @ A4
		Date 08-DEC-2015
Project / Details Business Rate Discount - Boundary In Red	Drawn by JG	
	Drawing / Reference Number Rev 1	

Schedule 2

The Funds

In accordance with clause 3 of the Agreement, the Business Rates Uplift actually received will be applied to establish the following Funds, subject to the 2020 Review:

New Anglia LEP Costs

New Anglia's legitimate & agreed costs incurred in operating the Zone are top sliced from 100% of the Business Rates Uplift prior to the % splits into Funds A1, A2, B & C below. A separate schedule of eligible costs (incurred both before and after the Effective Date) associated with this will be agreed between the parties. One of these costs shall be the cost of employing the New Anglia Enterprise Zone Project Team (less the agreed 25% reduction in the Head of Enterprise Zones & Innovation costs). These costs will be divided by the 9 EZ rates collecting authorities (including the Collecting Authority) equally;

Babergh District Council

Great Yarmouth Borough Council (Great Yarmouth & Lowestoft Enterprise Zone)

Ipswich Borough Council

Borough Council of King's Lynn & West Norfolk

Mid Suffolk District Council

North Norfolk District Council

South Norfolk Council

St Edmundsbury Borough Council

Waveney District Council (Great Yarmouth & Lowestoft Enterprise Zone)

Fund A1

The Collecting Authority will hold Fund A1, which will comprise:

(a) until the full reimbursement of Site Infrastructure Costs to be met from Fund B, nil; and

(b) during the Remainder of the Term, 20% of the overall Business Rates Uplift received from its Area.

It is expected, but not required, that the Collecting Authority will use Fund A1 to recover some (or all) of its direct costs and eligible expenses which it foregoes (such as planning fees for development and Community Infrastructure Levy contributions required for infrastructure within their Area) together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date), including the collection of business rates in its Area. However, ultimately the Collecting Authority can use its Fund A1 as it wishes.

Fund A2

Fund A2 is for the relevant County Council and will comprise:

(a) until the full reimbursement of Site Infrastructure Costs to be met from Fund B, nil; and

(b) during the Remainder of the Term, 10% of the overall Business Rates Uplift received from its Area.

It is expected, but not required, that the County Council will use Fund A2 to recover some (or all) of its direct costs and eligible expenses which it foregoes, together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date). However, The County Council can use Fund A2 as it wishes.

Payment of monies into Fund A2 by the Collecting Authority will be made in accordance with Schedule 7

Fund B

The Collecting Authority will hold a Fund B, which will comprise:

(a) until the full reimbursement of Site Infrastructure Costs to be met from Fund B, 85%; and

(b) calculated over the Remainder of the Term, 15%;

of the overall Business Rates Uplift received from its Area and will be used to facilitate investment which will directly assist the further development of its Area. Fund B will be managed in accordance with the principles and criteria set out in Schedule 3.

The rationale behind Fund B is that it should accelerate the development of the Collecting Authority's Area and therefore generate additional business rates which will become available for the Funds.

Fund C

Fund C will be called the "New Anglia Challenge Fund" and will comprise:

(a) until the full reimbursement of Site Infrastructure Costs to be met from Fund B, 15%; and

(b) calculated over the Remainder of the Term, 55%;

of the overall Business Rates Uplift received by the Collecting Authority from its Area.

Fund C will be used to fund activities laid out in New Anglia's "Strategic Economic Plan" across the County.

Payment of monies into Fund C by the Collecting Authority will be made in accordance with Schedule 7.

Interim Reviews of the Funds

The parties shall review the proportions of the Business Rates Uplift which are held in the Funds five years and ten years after the Effective Date (the "**Interim Reviews**"). The allocation of the Business Rates Uplift between the Funds set out above is intended to allow the Collecting Authority to recover from Fund B all of its infrastructure costs for the Area. The Interim Reviews are to assess this to consider whether these allocations are still appropriate for this intention at the time, if there ought to be a change in the proportions the Funds are held in and what those changes (if any) should be.

In the absence of agreement by the parties otherwise no later than 3 months after each Interim Review, the Collecting Authority and the County Council may, by written notice to the other parties, specify the change in the proportion of Business Rates Uplift held in the Funds and this Agreement shall be amended in accordance with that specified change, as per clause 8.4.

Annual Reviews of the Site Infrastructure Costs

The parties shall review the progress of repayment of the Site Infrastructure Costs annually. Notwithstanding the generality of clause 3.4, but subject to clause 5, no later than two weeks prior to each such review, the Collecting Authority shall provide each of the other parties with management accounts and such other evidence as the other parties shall reasonably require for the purposes of assessing Site Infrastructure Costs incurred and the progress of their repayment from Fund B.

Schedule 3

Fund B Management and Projects

The Collecting Authority will administer Fund B on behalf of New Anglia in accordance with the terms of this Agreement.

The parties are tasked with developing individual Projects in line with the principles of the Development Plan. The parties will agree individual Projects on a case by case basis.

In accordance with the Development Plan, potential Projects to be funded out of Fund B include infrastructure or utilities investment in the sites comprised within the Area, including access roads, funding for the building of business premises and marketing of the Area.

Development Plan

Each Development Plan covers a period of 5 years.

The parties shall, no later than six (6) months prior to each five (5) year anniversary of the Effective Date agree a draft development plan for review and approval by MHCLG (from time to time). Once in agreed format the draft development plan shall become the Development Plan for the following five (5) years of the Term or until such date as a new Development Plan is agreed by the parties, whichever is the earlier.

Fund B Eligibility Criteria

For a Project to be funded from Fund B, it will need to meet the following criteria:

1 Projects put forward for consideration under a Fund B need to be of an economic development nature, including measures to support property development, infrastructure and utilities provision, business, employment and skills development but not housing or community development.

2 Projects must lead to the creation of jobs, business and/or commercial property in the Area. This will drive physical development and the generation of rateable income from that Area.

3 Requests for funding should primarily be in respect of capital for Projects rather than revenue funding for programmes.

4 Projects put forward for consideration must be submitted together with a memorandum of understanding agreed by all parties involved on the proposed Project.

5 Projects must specifically enhance the Area rather than the electoral area of the Collecting Authority as a whole. As a result, funding should be proportionate. If sites in the Area covered by the Project only represent a percentage of the beneficiary sites, the funding provided from Fund B for the Project has to reflect this proportionately (for example, if sites in the Area only represent 20% of the beneficiary sites, the funding from Fund B for the Project should be 20% of the total funding for the Project).

6 Projects must be deliverable and realistic in terms of funding requested. Fund B cannot fund major infrastructure developments outside of the Area on its own, but could contribute towards them pro-rata in accordance with paragraph 5 above.

7 Funding needs to relate to the time frame within which it is generated or there needs to be a commitment from the Collecting Authority to fund the Project by borrowing against a future allocation of Fund B funding.

8 Projects will need to show clear causal relationship in terms of benefit to the Area. Benefits need to be proven rather than assumed or deduced. Projects may need to be ranked accordingly in terms of awarding funding.

9 Funding will be prioritised for Projects which accelerate development of the Area.

10 Funding cannot be sought for Projects or programmes that could be funded from alternative sources, but matched funded Projects will be welcomed.

11 Projects need to have the endorsement of the Collecting Authority and County Council (the "**Endorsers**"), and be part of the Development Plan.

12 Funding will principally be by way of grant or guarantee but may, in exceptional circumstances, be by way of loan or investment.

13 Funding must not breach the state aid rules; and the recipient will be required to warrant that the funding will not breach the state aid rules.

Fund B redundancy

If, at any point, this fund is no longer needed Fund B will then be used for economic development in the Area.

Projects which generate revenue or create capital assets with a residual value

Where funding from Fund B is used to fund a Project which directly generates revenue (such as rental income, fees or royalties) or is used to fund the purchase of a capital asset which has a residual value at the end of the Project as set out in the Project documentation (with such revenue and/or residual value being referred to as "**Revenue**"), the parties shall, as part of the Project development process, agree how the Surplus will be shared.

"**Surplus**" is the Revenue less:

a) all interest and borrowing costs and charges properly incurred by the funders of the relevant Project; and

b) all maintenance, operational and similar costs properly incurred by the operators of the relevant Project.

For the avoidance of doubt, the arrangements relating to the sharing of Surplus above will only apply to Projects which actually generate Revenue. The parties acknowledge that many of the Projects funded from Fund B will not be intended to generate Revenue or have the opportunity to generate Revenue. However, where the parties believe that a Project might generate Revenue, they shall put in place, as part of the funding arrangements for that Project:

a) measures to ensure that costs and Revenue are properly recorded and monitored; and

b) provisions in respect of the reporting and payment of Surplus shares.

New Anglia's prior written consent is required before an Endorser prematurely terminates any Revenue generating Project

Schedule 4

Freedom of Information

1 In this Schedule, the following terms shall have the following meanings:

"**Environmental Information Regulations**" means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations.

"**FOIA**" means the Freedom of Information Act 2000, and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.

"**Information**" means information (as defined by section 84 of FOIA) which is related to or has a connection with this Agreement or the collaboration of the parties as envisaged by this Agreement.

"**Request for Information**" means a request (or an apparent request) for Information under the Code of Practice on Access to Government Information, FOIA or the Environmental Information Regulations.

2 If a party receives a Request for Information (the "**Receiving Body**"), it will send a copy of the Request for Information to the New Anglia Board as soon as practicable. The Receiving Body shall consult with the New Anglia Board and give reasonable consideration to New Anglia Board's opinions, on how the Receiving Body should respond to such Request for Information.

3 Provided the Receiving Body has complied with paragraph 2 above and given the New Anglia Board reasonable time to express its opinions (bearing in mind the timescales for responses set out in FOIA and the Environmental Information Regulations), the Receiving Body shall respond to the Request for Information as it considers best.

Schedule 5

Consequences of Unilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall not retain any further Business Rates Uplift as part of its Fund A1 but must pass percentages of the Business Rates Uplift set out in Schedule 2 to its Fund B and to Fund C respectively.

3 The County Council shall not be entitled to receive any further Business Rates Uplift as part of its Fund A2.

4 The Collecting Authority shall continue to hold and manage its Fund B in accordance with this Agreement.

5 The Collecting Authority shall continue to hold and manage Fund C in accordance with this Agreement.

6 If any reconciliation is required between Fund B and Fund C then, subject to any Current Commitments, this shall take place within three months of the date of the Unilateral Termination.

Schedule 6

Consequences of Multilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall retain and have full control over Fund A1.

3 The County Council shall retain and have full control over Fund A2.

4 Subject to any Current Commitments, the Collecting Authority and the County Council shall divide Fund B between themselves in the same proportion as the percentages for Fund A1 and Fund A2 set out in Schedule 2.

5 The Collecting Authority shall, subject to any Current Commitments, pay any balance of Fund C to New Anglia. If New Anglia has ceased to exist and there is no successor (either appointed by Secretary of State or by law), any balance of Fund C shall be retained by the Collecting Authority.

Schedule 7

New Anglia Financial Schedule

1 The Collecting Authority shall continue to collect the business rates in the Area in accordance with the applicable legislation.

2 At each financial year end the National Non-Domestic Rates ("**NNDR**") team of the Collecting Authority will confirm with New Anglia the amount of business rates attributed and collected in the Area in accordance with the applicable legislation. (Actual NNDR EZ qualifying relief & the actual net rates paid for the relevant fiscal year and any other mandatory reliefs in EZ designated areas). The Business Rates Baseline for the Area will increase in line with the Consumer Price Index (CPI) published by the Office of National Statistics (or such other measure of inflation as the parties may agree from time to time) for every year of the Term.

3 After the Collecting Authority's confirmation of the business rates New Anglia will inform the Collecting Authority of the amount that is $1/9^{th}$ of it's eligible & agreed costs as per Schedule 2 (the "**Collecting Authority's Contribution to New Anglia Costs**"). New Anglia will temporarily waive the payment by the Collecting Authority of the Collecting Authority's Contribution to New Anglia Costs until the Area generates sufficient income from the Business Rate Uplift to pay such amount. Until the Collecting Authority's Contribution to New Anglia Costs is paid in full, the unpaid Collecting Authority's Contribution to New Anglia Costs will be treated as a debt (without interest) owed by the Collecting Authority to New Anglia in the accounts of New Anglia and the Collecting Authority.

4 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay into Fund C that percentage of overall Business Rates Uplift set out in Schedule 2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund C to New Anglia no later than 31 December of each year, following the preceding financial year end.

5 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay the amount calculated in accordance with Schedule 2 into Fund A2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of

the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund A2 to the relevant County Council no later than 31 December of each year, following the preceding financial year end.

6 Funds A1 and B will be retained by the Collecting Authority.

DATED 2018

NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED (1)

SOUTH NORFOLK DISTRICT COUNCIL (2)

NORFOLK COUNTY COUNCIL (3)

AGREEMENT RELATING TO THE ALLOCATION OF BUSINESS RATES GENERATED IN NEW ANGLIA SPACE TO INNOVATE ENTERPRISE ZONE

Contents

This Agreement is dated 2018

BETWEEN:

(1) **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED** whose registered office is at 1 St. James Court, Norwich, Norfolk, NR3 1RU ("**New Anglia**");

(2) **SOUTH NORFOLK DISTRICT COUNCIL** of South Norfolk House, Cygnet Court, Long Stratton, Norwich, Norfolk, NR15 2XE (the **"Collecting Authority"**); and

(3) **NORFOLK COUNTY COUNCIL** of County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH (the **"County Council"**)

BACKGROUND:

1 The New Anglia Space to Innovate Enterprise Zone (the "**Zone**") comprises ten sites throughout Norfolk and Suffolk.

2 The policy of the UK Government states that all growth in business rates generated from enterprise zones should be retained by local enterprise partnerships to enable the partnerships to support their economic priorities for at least the next 25 years.

3 Occupiers of properties within the Zone who take occupation before 1st April 2021 will be entitled to relief from business rates of up to £275,000 and HM Treasury has undertaken to reimburse the relevant local authority for the value of that business rate relief. For the avoidance of any doubt, this Agreement cannot be relied upon for the reimbursement from HM Treasury of the Business Rates as set out in Schedule 7.

4 The Ministry of Housing, Communities and Local Government ("**MHCLG**") requires local enterprise partnerships with responsibility for enterprise zones to notify MHCLG of the arrangements which it has agreed in principle for the allocation of business rates which fall within their control.

5 The parties to this Agreement wish to continue their good record of mutual co-operation and support for working across local government electoral areas for the overall benefit of the County.

6 New Anglia has resolved to create a challenge fund (described as "**Fund C**" elsewhere in this Agreement) to which bids will be made in relation to projects which can contribute to the creation of jobs and economic growth within the County.

7 The parties have identified and agreed three overall objectives as underlying principles which will underpin the allocation of business rates which fall within the control of New Anglia as follows:

7.1 to ensure that the finances of the Collecting Authority are not disadvantaged by the development of the Area;

7.2 to earmark funds to enable, enhance and accelerate the growth of the Area and so increase the growth in business rates and resulting amount which falls under the control of New Anglia; and

7.3 to develop a challenge fund which will invest in projects to deliver jobs and growth across the County including within the electoral areas of the Collecting Authority.

8 The parties have agreed an Enterprise Zone Site Development Plan for the Area (the "**Development Plan**") comprising a package of projects sponsored and/or supported by relevant parties and endorsed by New Anglia LEP Board.

9 This Agreement sets out the terms on which the parties have agreed the basis of allocation of the business rates to achieve the objectives set out in paragraph 7 above.

1 <u>Definitions and Interpretation</u>

1.1 In this Agreement, the following terms shall have the following meanings:

Actual Revenue comprises the net Business Rates Uplift post payment of the LEP's Costs.

"**AIP LLP**" means Anglia Innovation Partnership LLP, a limited liability partnership with registration number OC373078 and its offices at Centrum, Norwich Research Park, Norwich, Norfolk NR4 7UG;

"**Area**" means that area (or areas) within the Zone for which the Collecting Authority is responsible for collecting business rates as shown in Schedule 1;

"**Bullen**" means Bullen Developments Limited, a company with registration number 01005917 and with its registered office at The Lowlands, Costessey Lane, Drayton, Norwich, Norfolk NR8 6HA;

"**Business Rates Baseline**" means the baseline figure for rates generated in the Area annually before the commencement of this Agreement, as agreed with H M Treasury and MHCLG being £193,777;

"**Business Rates Uplift**" means, subject to paragraph 2 of Schedule 7, the amount by which rates generated in the Area in any year after the Effective Date exceed the Business Rates Baseline;

"**County**" means the county in which the Collecting Authority is based;

"**Current Commitments**" means any commitment to spend sums from Fund B or Fund C that a party is legally bound by and cannot avoid without additional cost and includes any interest, borrowing fees or other unavoidable costs incurred as a direct result of borrowing;

"**Development Plan**" has the meaning given to it in paragraph 8 of the Background and is more fully described in Schedule 3;

"**Effective Date**" means 1 April 2016;

"**Endorser**" has the meaning given to it in paragraph 10 of Schedule 3;

"**Fund**" means each of the funds (Fund A1, Fund A2, Fund B and Fund C as described in Schedule 2) to be established and managed in accordance with this Agreement;

"**LEP Costs**" has the meaning given to it in the paragraph headed "New Anglia Costs" in Schedule 2;

"**New Anglia Board**" means the board of New Anglia as constituted from time to time;

"**Operational Partnership Group (OPG)**" means the Collecting Authority, New Anglia, the County Council, Bullen and AIP LLP will form the Operational Partnership Group (OPG) to support progression of the Zone. This group will be responsible for monitoring progress in developing sites and the number of businesses locating to the site to ensure the Zone admits occupiers to support development in a way that remains conducive to the Zone's ethos.

"**Project**" means a project which receives funding from Fund B as determined in accordance with Schedule 3 and in agreement with the OPG; and

"**Term**" means the period from the Effective Date until the date on which this Agreement expires or is terminated in accordance with its terms.

1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this Agreement.

1.3 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.

1.4 The Schedules and Background form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules and Background.

1.5 Words in the singular shall include the plural and in the plural shall include the singular.

1.6 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.7 A reference to writing or written includes e-mail.

1.8 Where the words "**include(s)**", "**including**" or "**in particular**" are used in this Agreement, they are deemed to have the words without limitation following them. Where the context permits, the words other and otherwise are illustrative and shall not limit the sense of the words preceding them.

1.9 Any obligation in this Agreement on a party not to do something includes an obligation not to agree, allow, permit or acquiesce in that thing being done.

1.10 References to clauses and Schedules are to the clauses and Schedules of this Agreement.

2 Commencement and Term

2.1 This Agreement shall come into force on the Effective Date notwithstanding the date of signature and shall remain in full force and effect during the Term, subject to early termination in accordance with its terms.

3 The Funds

3.1 The parties agree that the Business Rates Uplift actually received by the Collecting Authority during the Term will be applied to establish the Funds described in more detail in Schedule 3.

3.2 The Collecting Authority will hold and be responsible for:

3.2.1 Fund A1 and Fund B; and

3.2.2 Fund A2 until it is paid over to the relevant County Council as per Schedule 7; and

3.2.3 Fund C until it is paid over to New Anglia as per Schedule 7.

3.3 Notwithstanding clause 3.2, the Funds shall be administered by the parties in accordance with the terms set out in this Agreement (unless otherwise agreed by all of the parties). In particular, the Collecting Authority shall ensure that Fund C receives a rate of interest that is not less than the base rate of the Bank of England from time to time and shall only hold Fund C in accordance with the terms set out in this Agreement. The Collecting Authority shall ensure the same in relation to Fund B.

3.4 The Collecting Authority shall keep proper and up to date accounts and records giving correct and adequate details of all transactions related to the Funds conducted by the Collecting Authority, and shall permit the duly appointed representatives of the other parties at all reasonable times and on reasonable notice to inspect all such accounts and records and to take copies thereof.

4 Escalation

4.1 If any party has any issues, concerns or complaints (an "**Issue**") about this Agreement or the operation of the Funds, that party shall notify the other parties and the parties shall then seek to resolve the Issue by a process of dialogue.

4.2 If the parties are for any reason unable to resolve the Issue within 30 days of the Issue being notified to the other parties, the parties will attempt to settle the Issue by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator shall be nominated by CEDR Solve. To initiate the mediation, a party must serve notice in writing (an "**ADR notice**") to the other parties, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 30 days after the date of the ADR notice.

4.3 If the Issue is not resolved within 45 days after service of the ADR notice, the Issue shall be referred to and finally resolved by a single arbitrator unless any applicable legislation requires otherwise. The single arbitrator is to be agreed between the parties, or failing agreement within 14 days, after any party has given to the other a written request to concur in the appointment of an arbitrator, by an arbitrator to be appointed by the President for the time being of the Law Society.

4.4 Unless otherwise agreed by the parties or ordered by the arbitrator, all reasonable costs of mediation and/or arbitration incurred by the parties can be met from Fund B.

5 Confidentiality and Freedom of Information

5.1 Each party undertakes that it shall not at any time during the Term, and for a period of five years thereafter, disclose to any person any confidential information of any other party concerning the terms or operation of this Agreement, except as permitted by this clause 5.

5.2 Each party may disclose such confidential information of another party:

5.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under or in connection with this Agreement, provided that such party shall ensure that its employees, officers, representatives or advisers to whom it discloses another party's confidential information comply with this Clause 5; and

5.2.2 as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.

5.3 No party shall use any other party's confidential information for any purpose other than to exercise its rights and perform its obligations under or in connection with this Agreement.

5.4 Each party acknowledges that the other parties are subject to the requirements of FOIA and the Environmental Information Regulations (as defined in Schedule 4) and shall assist and co-operate with the other parties to enable the other parties to comply with those requirements.

5.5 Notwithstanding the generality of this clause 5, the parties shall deal with Requests For Information (as defined in Schedule 4) connected with or in relation to this Agreement in accordance with Schedule 4.

6 Intellectual Property

6.1 Subject always to any specific arrangements agreed in respect of the ownership of any intellectual property rights generated in connection with any Project, the parties agree that any intellectual property rights created in connection with this Agreement shall vest in the party whose employee created them.

6.2 Where any intellectual property right vests in any of the parties in accordance with clause 6.1 above, that party shall grant an irrevocable, royalty-free licence to the other parties to use that intellectual property for the purposes of, or in connection with, this Agreement.

7 Termination

7.1 The Collecting Authority (the "**Leaving Party**") may terminate this Agreement by giving not less than 6 months' notice to the other parties that it wishes to withdraw from this Agreement ("**Unilateral Termination**"). In the event of Unilateral Termination, subject to the agreement of the parties or any applicable legislation, Schedule 5 shall apply.

7.2 This Agreement shall terminate (a "**Multilateral Termination**"):

7.2.1 by the agreement of the Collecting Authority and the County Council;

7.2.2 in the event that there is a change in law, regulations, policy or binding guidelines which makes the continuation of this Agreement unlawful or the arrangements under this Agreement unnecessary;

7.2.3 in the event that New Anglia ceases to exist; or

7.2.4 on the 25th anniversary of the Effective Date.

In the event of a Multilateral Termination, subject to the agreement of the parties otherwise or any applicable legislation, Schedule 6 shall apply.

7.3 Following termination of this Agreement for any reason whatsoever, any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination of this Agreement shall remain in full force and effect.

8 Change Control

8.1 If any party (the "**Requester**") wishes to change the scope and/or terms of this Agreement, it shall prepare and circulate to all other parties a written notice setting out the proposed changes, the reasons for requesting those changes and the likely impact of those changes on the operation, performance and wording of the Agreement (a "**Change Proposal Notice**"). The Requester shall send a copy of the Change Proposal Notice to all other parties, giving those parties a period of no less than 60 days (reducible to as low as 20 days in cases which the Requester, acting reasonably, deems to be urgent) to respond and comment.

8.2 If all the parties agree to the proposed changes set out in a Change Proposal Notice, the Requester will set out the actual changes to the provisions of this Agreement in a written document (a "**Change Control Notice**") and will send the Change Control Notice to all of the parties. Once signed by all parties, the changes set out in the Change Control Notice will be effective and this Agreement will be deemed to be varied accordingly. For ease of reference, each Change Control Notice will be given a unique sequential number (e.g. "Change Control Notice 1" etc.).

8.3 If any one or more parties do not agree to the proposed changes set out in a Change Proposal Notice, the Change Proposal Notice will be referred to the New Anglia Board for review, discussion and comment. The New Anglia Board will endeavour to assist all of the parties to reach agreement on the proposals in the Change Proposal Notice or to negotiate amendments to those proposals. If the parties reach agreement on the proposals (or amended proposals), the Requester will set out the proposals (or amended proposals, as the case may be) in a Change Control Notice, which will be sent to the other parties for signature in accordance with clause 8.2.

8.4 For the avoidance of doubt, amendments to this Agreement may only be made by the unanimous decision of all the parties to this Agreement.

9 <u>General</u>

9.1 All previous agreements or representations in relation to the subject matter of this Agreement are excluded so that unless a matter is expressly set out in this Agreement it has no effect.

9.2 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

9.3 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and the circumstances for which it is given.

9.4 Nothing in this Agreement is intended to, or shall operate to, create a partnership between the parties, or to authorise either party to act as agent for the other, and none of the parties shall have authority to act in the name or on behalf of or otherwise to bind the others in any way (including the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power) and none of the parties shall incur any expenditure in the name of or for the account of the others.

9.5 This Agreement does not create any rights or benefits enforceable by any person not a party to it (within the meaning of The Contracts (Rights of Third Parties) Act 1999).

9.6 Notice given under this Agreement shall be in writing, sent to the address and person set out below (or such other address or person as the relevant party may notify to the other party) and shall be delivered either personally, by courier, by pre-paid, first-class post or by recorded delivery. A notice is deemed to have been received: if delivered personally, at the time of delivery; in the case of pre-paid first class post, recorded delivery or courier, 48 hours from the date of posting. If deemed receipt under this clause is not within working hours, the notice will be deemed to be received at the commencement of normal working hours on the first working day following delivery. To prove service of notice, it is sufficient to prove that the envelope containing the notice was properly addressed and posted or handed to the courier. Notices shall be sent to:

Party	Addressee information
New Anglia Local Enterprise Partnership Limited	*Address:* c/o Mills & Reeve LLP, 1 St. James Court, Norwich, Norfolk, NR3 1RU *Attention:* ***Managing Partner*** *Ref: NSE/4024746-0005*
Collecting Authority	*Address:* South Norfolk House, Cygnet Court, Long Stratton, Norwich, Norfolk, NR15 2XE *Attention:* ***Chief Executive***
County	*Address:* County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH *Attention:* ***Chief Executive/Chief Finance Officer***

9.7 A notice may be served by email and if no "out of office auto-reply" is received by the sender within one hour of transmission the notice will be deemed to have been delivered:

9.7.1 on the same working day if transmitted prior to 5:00pm on a working day in the recipient's time zone; or

9.7.2 on the next working day if transmitted at or after 5:00pm in the recipient's time zone.

9.8 The email addresses for service of any notices under clause 9.7 are as set out below until such time as either party notifies the other in writing of any change:

9.8.1 for New Anglia: info@newanglia.co.uk;

9.8.2 for the Collecting Authority: sdinneen@s-norfolk.gov.uk; and

9.8.3 for the County: econdev@norfolk.gov.uk.

10 Governing Law and Jurisdiction

10.1 This Agreement and any dispute or claim (including any non-contractual dispute or claim) arising out of or in connection with it or its subject matter, shall be governed by, and construed in accordance with, the laws of England and Wales.

10.2 The parties irrevocably agree that any dispute or claim (including any non-contractual dispute or claim) that arises out of or in connection with this Agreement or its subject matter shall be resolved pursuant to clause 4.

10.3 Nothing in clause 4 or this clause 10 shall prevent any party from applying at any time to the court for injunctive relief on the grounds of infringement, or threatened infringement, of the applicant's intellectual property rights.

Signed for and on behalf of **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED**

Signature: ....

Name: ....
Position: ....
Date: ....

Signed for and on behalf of **SOUTH NORFOLK DISTRICT COUNCIL**

Signature: ....

Name: ....
Position: ....
Date: ....

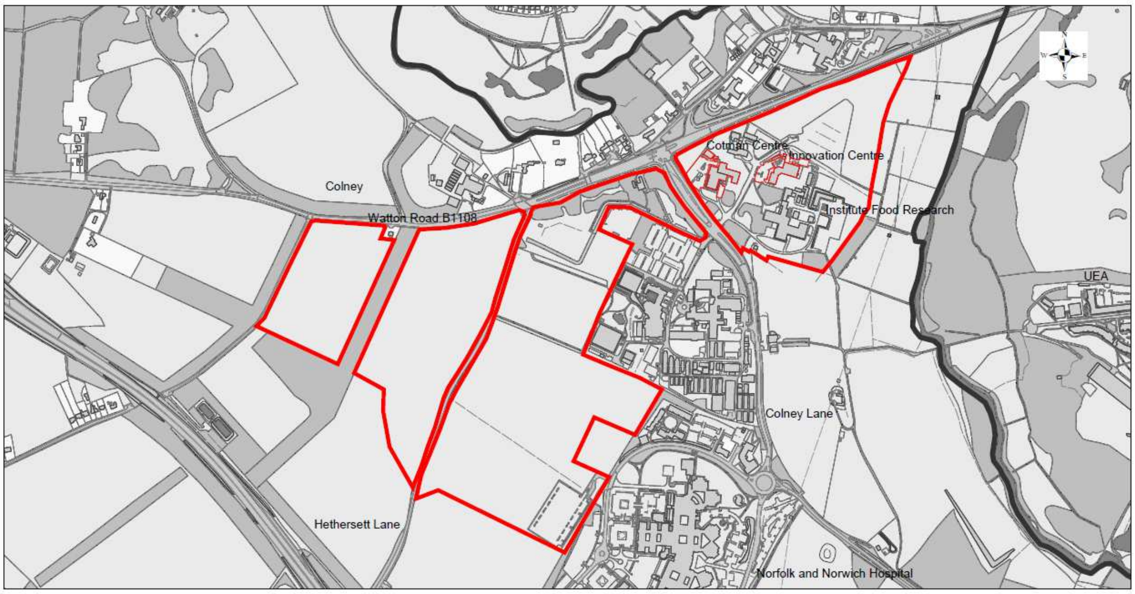
Signed for and on behalf of **NORFOLK COUNTY COUNCIL**

Signature: ....

Name: ....
Position: ....
Date: ....

Schedule 1

The Area



SOUTH NORFOLK COUNCIL
Long Stratton, Norwich, Norfolk NR15 2XE
www.south-norfolk.gov.uk

Excluded buildings. Where a building has been excluded, this includes all of its associated carparks / cycle parks / storage facilities/sheds/ yards/ hard standing / glass houses etc.

0 100 200 300 400 Metres

South Norfolk Council

New Anglia 'Space to Innovate' Enterprise Zone
Norwich Research Park Business rate discount site map – boundary in red

December 2015

Schedule 2

The Funds

In accordance with clause 3 of the Agreement, the Business Rates Uplift actually received will be applied to establish the following Funds:

New Anglia LEP Costs

New Anglia's legitimate and agreed costs ("**LEP Costs**") incurred in operating the Zone are top sliced from 100% of the net Business Rates Uplift prior to the % splits into Funds A1, A2, B & C below. A separate schedule of LEP Costs(incurred both before and after the Effective Date) associated with this will be agreed between the parties, but New Anglia agrees that such costs shall not exceed £200,000 in total before the end of the financial year ending in 2020. One of these costs shall be the cost of employing the New Anglia Enterprise Zone Project Team (less the agreed 25% reduction in the Head of Enterprise Zones & Innovation costs). The LEP Costs will be divided by the following 9 Zone rates collecting authorities (including the Collecting Authority) equally:

Babergh District Council

Great Yarmouth Borough Council (Great Yarmouth & Lowestoft Enterprise Zone)

Ipswich Borough Council

Borough Council of King's Lynn & West Norfolk

Mid Suffolk District Council

North Norfolk District Council

South Norfolk District Council

St Edmundsbury Borough Council

Waveney District Council (Great Yarmouth & Lowestoft Enterprise Zone)

Fund A1

The Collecting Authority will hold Fund A1, which will comprise 12.8% of the Actual Revenue received from its Area. It is expected, but not required, that the Collecting Authority will use Fund A1 to recover some (or all) of its direct costs and eligible expenses which it foregoes (such as planning fees for development and Community Infrastructure Levy contributions required for infrastructure within their Area) together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date), including the collection of business rates in its Area. However, ultimately the Collecting Authority can use its Fund A1 as it wishes.

Fund A2

Fund A2 is for the relevant County Council and will comprise 3.2% of the Actual Revenue received from the Collecting Authority's Area. It is expected, but not required, that the County Council will use Fund A2 to recover some (or all) of its direct costs and eligible expenses which it foregoes, together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date). However, the County Council can use Fund A2 as it wishes.

Payment of monies into Fund A2 by the Collecting Authority will be made in accordance with Schedule 7

Fund B

The Collecting Authority will hold Fund B, which will:

a) calculated over the first 16 years of the Term, comprise of 60%; and

b) calculated over the remainder of the Term, comprise of 40%,

of the Actual Revenue received from its Area and will be used to facilitate investment which will directly assist the further development of its Area. Fund B will be managed in accordance with the principles and criteria set out in Schedule 3.

The rationale behind Fund B is that it should accelerate the development of the Collecting Authority's Area and therefore generate additional business rates which will become available for the Funds.

Fund C

Fund C will be called the “New Anglia Challenge Fund” and will:

a) calculated over the first 16 years of the Term, comprise of 24%; and

b) calculated over the remainder of the Term, comprise of 44%;

of the Actual Revenue received by the Collecting Authority from its Area.

Fund C will be used to fund activities laid out in New Anglia’s “Strategic Economic Plan” across Norfolk and Suffolk.

Payment of monies into Fund C by the Collecting Authority will be made in accordance with Schedule 7.

Any changes in allocations between Funds must take account of any existing commitments made by the Collecting Authority and the County Council to fund infrastructure development within the Zone from Fund B, and no changes may be made which would be to the detriment of the ability of the Collecting Authority to repay the costs associated with any infrastructure development undertaken. The Collecting Authority is therefore able to continue to receive payments from Fund B and otherwise from the Business Rate Uplift that is not less than the amount of the cost incurred and /or continues to incur in respect to infrastructure development in the Area (whether in borrowing terms or otherwise.)

Schedule 3

Fund B Management and Projects

The Collecting Authority will administer and be responsible for Fund B on behalf of New Anglia in accordance with the terms of this Agreement. The Collecting Authority’s use of Fund B will be in consultation with, and overseen by, the Operational Partnership Group.

The parties are tasked with developing individual Projects in line with the principles of the Development Plan. The parties will agree individual Projects on a case by case basis.

In accordance with the Development Plan, potential Projects to be funded out of Fund B include infrastructure or utilities investment in the sites comprised within the Area, including access roads and the funding for the building of business premises and marketing of the Area.

Infrastructure Funding

The parties recognise that the Collecting Authority and the County Council intend to enter into agreements respectively with Bullen and AIP LLP to support the development of infrastructure using Fund B in line with the agreed Development Plan. These proposed agreements may incorporate the Collecting Authority and the County Council entering into borrowing arrangements with the respective developers, which will be repaid from the business rates subsequently generated. The capital outlay, the cost of borrowing, the initial legal fees incurred by the Collecting Authority to establish the infrastructure investment arrangements for the Area and the direct costs incurred under any arrangements with Bullen or AIP LLP will be repaid to the Collecting Authority or the County Council from Fund B in advance of any other projects that meet Fund B eligibility criteria (set out below in this Schedule). In addition, where an indemnity is used to repay any shortfall in loan repayments, the Collecting Authority is permitted to access Fund B to repay a third party who has picked up the loan repayment liability where Fund B falls short and/or to fund a loan repayment that has already been discharged.

Development Plan

Each Development Plan covers a period of 5 years.

The parties shall, no later than six (6) months prior to each five (5) year anniversary of the Effective Date agree a draft development plan for review and approval by MHCLG (from time to time). Once in agreed format the draft development plan shall become the Development Plan for the following five (5) years of the Term or until such date as a new Development Plan is agreed by the parties, whichever is the earlier.

Fund B Eligibility Criteria

For a Project to be funded from Fund B, it will need to meet the following criteria:

1 Projects put forward for consideration under a Fund B need to be of an economic development nature, including measures to support property development, infrastructure and utilities provision, business, employment and skills development but not housing or community development.

2 Projects should demonstrate reasonable prospects of leading to the creation of jobs, business and/or commercial property in the Area. This will drive physical development and the generation of rateable income from that Area.

3 Requests for funding should primarily be in respect of capital for Projects rather than revenue funding for programmes.

4 Projects should aim to specifically enhance the Area rather than the electoral area of the Collecting Authority as a whole. As a result, funding should be proportionate. If sites in the Area covered by the Project only represent a percentage of the beneficiary sites, the funding provided from Fund B for the Project has to reflect this proportionately (for example, if sites in the Area only represent 20% of the beneficiary sites, the funding from Fund B for the Project should be 20% of the total funding for the Project).

5 Projects must be deliverable and realistic in terms of funding requested. Fund B cannot fund major infrastructure developments on its own, but could contribute towards them pro-rata.

6 Funding needs to relate to the time frame within which it is generated or there needs to be a commitment from the Collecting Authority to fund the Project by borrowing against a future allocation of Fund B funding.

7 Projects will need to show clear causal relationship in terms of benefit to the Area. Benefits need to be proven rather than assumed or deduced. Projects may need to be ranked accordingly in terms of awarding funding.

8 Funding will be prioritised for Projects which accelerate development of the Area.

9 Funding cannot be sought for Projects or programmes that could be funded from alternative sources, but matched funded Projects will be welcomed.

10 Projects need to have the endorsement of the Collecting Authority and County Council (the "**Endorsers**"), and be part of the Development Plan.

11 Funding will principally be by way of grant or guarantee but may, in exceptional circumstances, be by way of loan or investment.

12 Funding must not breach the state aid rules; and the recipient will be required to warrant that the funding will not breach the state aid rules.

Fund B redundancy

If, at any point, this fund is no longer needed, the parties, acting reasonably and in good faith, shall determine how Fund B will then be used for economic development in the Area.

Projects which generate revenue or create capital assets with a residual value

Where funding from Fund B is used to fund a Project which directly generates revenue (such as rental income, fees or royalties) or is used to fund the purchase of a capital asset which has a residual value at the end of the Project as set out in the Project documentation (with such revenue and/or residual value being referred to as "**Revenue**"), the parties shall, as part of the Project development process, agree how the Surplus will be shared.

"**Surplus**" is the Revenue less:

a) all interest and borrowing costs and charges properly incurred by the funders of the relevant Project; and

b) all maintenance, operational and similar costs properly incurred by the operators of the relevant Project.

For the avoidance of doubt, the arrangements relating to the sharing of Surplus above will only apply to Projects which actually generate Revenue. The parties acknowledge that many of the Projects funded from Fund B will not be intended to generate Revenue or have the opportunity to generate Revenue. However, where the parties believe that a Project might generate Revenue, they shall put in place, as part of the funding arrangements for that Project:

a) measures to ensure that costs and Revenue are properly recorded and monitored; and

b) provisions in respect of the reporting and payment of Surplus shares.

New Anglia's prior written consent is required before an Endorser prematurely terminates any Revenue generating Project

Schedule 4

Freedom of Information

1 In this Schedule, the following terms shall have the following meanings:

"**Environmental Information Regulations**" means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations.

"**FOIA**" means the Freedom of Information Act 2000, and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.

"**Information**" means information (as defined by section 84 of FOIA) which is related to or has a connection with this Agreement or the collaboration of the parties as envisaged by this Agreement.

"**Request for Information**" means a request (or an apparent request) for Information under the Code of Practice on Access to Government Information, FOIA or the Environmental Information Regulations.

2 If a party receives a Request for Information (the "**Receiving Body**"), it will send a copy of the Request for Information to the New Anglia Board as soon as practicable. The Receiving Body shall consult with the New Anglia Board and give reasonable consideration to New Anglia Board's opinions, on how the Receiving Body should respond to such Request for Information.

3 Provided the Receiving Body has complied with paragraph 2 above and given the New Anglia Board reasonable time to express its opinions (bearing in mind the timescales for responses set out in FOIA and the Environmental Information Regulations), the Receiving Body shall respond to the Request for Information as it considers best.

Schedule 5

Consequences of Unilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall not retain any further Business Rates Uplift as part of its Fund A1 but must pass percentages of the Business Rates Uplift set out in Schedule 2 to its Fund B and to Fund C respectively.

3 The County Council shall not be entitled to receive any further Business Rates Uplift as part of its Fund A2 but must pass percentages of the Business Rates Uplift set out in Schedule 2 to its Fund B and to Fund C respectively

4 The Collecting Authority shall continue to hold and manage its Fund B in accordance with this Agreement.

5 The Collecting Authority shall continue to hold and manage Fund C in accordance with this Agreement.

6 If any reconciliation is required between Fund B and Fund C then, subject to any Current Commitments, this shall take place within three months of the date of the Unilateral Termination.

Schedule 6

Consequences of Multilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall retain and have full control over Fund A1.

3 The County Council shall retain and have full control over Fund A2.

4 Subject to any Current Commitments, the Collecting Authority and the County Council shall divide the monies held in Fund B on the date of termination between themselves in the same proportion as the percentages for Fund A1 and Fund A2 set out in Schedule 2.

5 The Collecting Authority shall, subject to any Current Commitments, pay any balance of Fund C to New Anglia. If New Anglia has ceased to exist and there is no successor (either appointed by Secretary of State or by law), any balance of Fund C shall be retained by the Collecting Authority.

Schedule 7

New Anglia Financial Schedule

1 The Collecting Authority shall continue to collect the business rates in the Area in accordance with the applicable legislation.

2 At each financial year end the National Non-Domestic Rates ("**NNDR**") team of the Collecting Authority will confirm with New Anglia the amount of business rates attributed and collected in the Area in accordance with the applicable legislation. (Actual NNDR EZ qualifying relief & the actual net rates paid for the relevant fiscal year and any other mandatory reliefs in EZ designated area). The Business Rates Baseline for the Area will increase in line with the Consumer Price Index (CPI) published by the Office of National Statistics (or such other measure of inflation as the parties may agree from time to time) for every year of the Term.

3 After the Collecting Authority's confirmation of the business rates New Anglia will inform the Collecting Authority of the amount that is $1/9^{th}$ of its eligible & agreed costs as per Schedule 2 (the "**Collecting Authority's Contribution to LEP Costs**"). New Anglia will temporarily waive the payment by the Collecting Authority of the Collecting Authority's Contribution to LEP Costs until the Area generates sufficient income from the Business Rate Uplift to pay such amount. Until the Collecting Authority's Contribution to LEP Costs is paid in full, the unpaid Collecting Authority's Contribution to LEP Costs will be treated as a debt (without interest) owed by the Collecting Authority to New Anglia in the accounts of New Anglia and the Collecting Authority.

4 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay into Fund C that percentage of overall Business Rates Uplift set out in Schedule 2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund C to New Anglia no later than 31 December of each year, following the preceding financial year end.

5 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay the amount calculated in accordance with Schedule 2 into Fund A2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of

the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund A2 to the relevant County Council no later than 31 December of each year, following the preceding financial year end.

6 Funds A1 and B will be retained by the Collecting Authority.

DATED 2018

NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED (1)

NORTH NORFOLK DISTRICT COUNCIL (2)

NORFOLK COUNTY COUNCIL (3)

AGREEMENT RELATING TO THE ALLOCATION OF BUSINESS RATES GENERATED IN NEW ANGLIA SPACE TO INNOVATE ENTERPRISE ZONE AT SCOTTOW ENTERPRISE ZONE

Contents

This Agreement is dated 2018

BETWEEN:

(1) **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED** whose registered office is at 1 St. James Court, Norwich, Norfolk, NR3 1RU ("**New Anglia**");

(2) **NORTH NORFOLK DISTRICT COUNCIL** of Council Offices, Holt Road, Cromer, Norfolk, NR27 9EN (the **"Collecting Authority"**); and

(3) **NORFOLK COUNTY COUNCIL** of County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH (the **"County Council"**)

BACKGROUND:

1 The New Anglia Space to Innovate Enterprise Zone (the "**Zone**") comprises ten sites throughout Norfolk and Suffolk.

2 The policy of the UK Government states that all growth in business rates generated from enterprise zones should be retained by local enterprise partnerships to enable the partnerships to support their economic priorities for at least the next 25 years.

3 Occupiers of properties within the Zone who take occupation before April 2021 will be entitled to relief from business rates of up to £275,000 and HM Treasury has undertaken to reimburse the relevant local authority for the value of that business rate relief.

4 The Ministry of Housing, Communities and Local Government ("**MHCLG**") requires local enterprise partnerships with responsibility for enterprise zones to notify MHCLG of the arrangements which it has agreed in principle for the allocation of business rates which fall within their control.

5 The parties to this Agreement wish to continue their good record of mutual co-operation and support for working across local government electoral areas for the overall benefit of the County.

6 New Anglia has resolved to create a challenge fund (described as "**Fund C**" elsewhere in this Agreement) to which bids will be made in relation to projects which can contribute to the creation of jobs and economic growth within the County.

7 The parties have identified and agreed three overall objectives as underlying principles which will underpin the allocation of business rates which fall within the control of New Anglia as follows:

7.1 to ensure that the finances of the Collecting Authority are not disadvantaged by the development of the Area;

7.2 to earmark funds to accelerate the growth of the Area and so increase the growth in business rates and resulting amount which falls under the control of New Anglia; and

7.3 to develop a challenge fund which will invest in projects to deliver jobs and growth across the County including within the electoral areas of the Collecting Authority.

8 The parties have agreed an Enterprise Zone Site Development Plan for the Area with MHCLG (the "**Development Plan**") comprising a package of projects sponsored and/or supported by relevant parties and endorsed by New Anglia.

9 This Agreement sets out the terms on which the parties have agreed the basis of allocation of the business rates which fall within the control of New Anglia to achieve the objectives set out in paragraph 7 above.

1 <u>Definitions and Interpretation</u>

1.1 In this Agreement, the following terms shall have the following meanings:

"**5 Yearly Reviews**" means the review of all the Funds referred to in Schedule 2;

"**Area**" means that area (or areas) within the Zone for which the Collecting Authority is responsible for collecting business rates as shown in Schedule 1;

"**Business Rates Baseline**" means the baseline figure for rates generated in the Area annually before the commencement of this Agreement, as agreed with H M Treasury and MHCLG being zero;

"**Business Rates Uplift**" means, subject to paragraph 2 of Schedule 7, the amount by which rates generated in the Area in any year after the Effective Date exceed the Business Rates Baseline;

"**Contingency**" has the meaning given in Schedule 2;

“**Contingency Reviews**” form part of the 5 Yearly Reviews and require a decision as to whether any, and if so how much, Contingency should be paid to reflect the income from rates generated in the Area in the preceding 5 years and the projected income over the following 5 years;

“**County**” means the county in which the Collecting Authority is based;

“**Current Commitments**” means any commitment to spend sums from Fund B or Fund C that a party is legally bound by and cannot avoid without additional cost and includes any interest, borrowing fees or other unavoidable costs incurred as a direct result of borrowing;

“**Development Plan**” has the meaning given to it in paragraph 8 of the Background and is more fully described in Schedule 3;

“**Effective Date**” means 1 April 2016;

“**Endorser**” has the meaning given to it in paragraph 11 of Schedule 3;

“**Fund**” means each of the funds (Fund A1, Fund A2, Fund B and Fund C as described in Schedule 2) to be established and managed in accordance with this Agreement;

“**New Anglia Board**” means the board of New Anglia as constituted from time to time;

“**Project**” means a project which receives funding from Fund B as determined in accordance with Schedule 3; and

“**Term**” means the period from the Effective Date until the date on which this Agreement expires or is terminated in accordance with its terms.

1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this Agreement.

1.3 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.

1.4 The Schedules and Background form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules and Background.

1.5 Words in the singular shall include the plural and in the plural shall include the singular.

1.6 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.7 A reference to writing or written includes e-mail.

1.8 Where the words "**include(s)**", "**including**" or "**in particular**" are used in this Agreement, they are deemed to have the words without limitation following them. Where the context permits, the words other and otherwise are illustrative and shall not limit the sense of the words preceding them.

1.9 Any obligation in this Agreement on a party not to do something includes an obligation not to agree, allow, permit or acquiesce in that thing being done.

1.10 References to clauses and Schedules are to the clauses and Schedules of this Agreement.

2 <u>Commencement and Term</u>

2.1 This Agreement shall come into force on the Effective Date and shall remain in full force and effect during the Term, subject to early termination in accordance with its terms.

2.2 In the event of a change of local government structure which results in the abolition of the County Council and/or the Collecting Authority, the parties shall meet with the objective of agreeing how such change will affect the continuation, or otherwise, of this Agreement.

3 <u>The Funds</u>

3.1 The parties agree that the Business Rates Uplift actually received by the Collecting Authority during the Term will be applied to establish the Funds described in more detail in Schedule 2.

3.2 The Collecting Authority will hold:

3.2.1 Fund A1 and Fund B; and

3.2.2 Fund A2 will be paid over to the County Council as per Schedule 7

3.2.3 Fund C will be paid over to New Anglia as per Schedule 7.

3.3 Notwithstanding clause 3.2, the Funds shall be administered by the parties in accordance with the terms set out in this Agreement (unless otherwise agreed by all of the parties). In particular, the Collecting Authority shall ensure that Fund C receives a rate of interest that is not less than the base rate of the Bank of England from time to time and shall only hold Fund C in accordance with the terms set out in this Agreement. The Collecting Authority shall ensure the same in relation to Fund B.

3.4 The Collecting Authority shall keep proper and up to date accounts and records giving correct and adequate details of all transactions related to the Funds conducted by the Collecting Authority, and shall permit the duly appointed representatives of the other parties at all reasonable times and on reasonable notice to inspect all such accounts and records and to take copies thereof.

4 Escalation

4.1 If any party has any issues, concerns or complaints (an "**Issue**") about this Agreement or the operation of the Funds, that party shall notify the other parties and the parties shall then seek to resolve the issue by a process of consultation.

4.2 If the parties are for any reason unable to resolve the Issue within 30 days of the Issue being notified to the other parties, the parties will attempt to settle the Issue by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator shall be nominated by CEDR Solve. To initiate the mediation, a party must serve notice in writing (an "**ADR notice**") to the other parties, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 30 days after the date of the ADR notice.

4.3 If the Issue is not resolved within 45 days after service of the ADR notice, the Issue shall be referred to and finally resolved by a single arbitrator unless any applicable legislation requires otherwise. The single arbitrator is to be agreed between the parties, or failing agreement within 14 days, after any party has given to the other a written request to concur in the appointment of an arbitrator, by an arbitrator to be appointed by the President for the time being of the Law Society.

4.4 Unless otherwise agreed by the parties or ordered by the arbitrator, all reasonable costs of mediation and/or arbitration incurred by the parties can be met from the Funds in proportions relative to each Fund.

5 Confidentiality and Freedom of Information

5.1 Each party undertakes that it shall not at any time during the Term, and for a period of five years thereafter, disclose to any person any confidential information of any other party concerning the terms or operation of this Agreement, except as permitted by this clause 5.

5.2 Each party may disclose such confidential information of another party:

5.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under or in connection with this Agreement, provided that such party shall ensure that its employees, officers, representatives or advisers to whom it discloses another party's confidential information comply with this Clause 5; and

5.2.2 as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.

5.3 No party shall use any other party's confidential information for any purpose other than to exercise its rights and perform its obligations under or in connection with this Agreement.

5.4 Each party acknowledges that the other parties are subject to the requirements of FOIA and the Environmental Information Regulations (as defined in Schedule 4) and shall assist and co-operate with the other parties to enable the other parties to comply with those requirements.

5.5 Notwithstanding the generality of this clause 5, the parties shall deal with Requests For Information (as defined in Schedule 4) connected with or in relation to this Agreement in accordance with Schedule 4.

6 Intellectual Property

6.1 Subject always to any specific arrangements agreed in respect of the ownership of any intellectual property rights generated in connection with any Project, the parties agree that any intellectual property rights created in connection with this Agreement shall vest in the party whose employee created them.

6.2 Where any intellectual property right vests in any of the parties in accordance with clause 6.1 above, that party shall grant an irrevocable, royalty-free licence to the other parties to use that intellectual property for the purposes of, or in connection with, this Agreement.

7 Termination

7.1 The Collecting Authority (the "**Leaving Party**") may terminate this Agreement by giving not less than 6 months' notice to the other parties that it wishes to withdraw from this Agreement ("**Unilateral Termination**"). In the event of a Unilateral Termination, subject to the agreement of all the parties otherwise or any applicable legislation, Schedule 5 shall apply.

7.2 This Agreement shall terminate (a "**Multilateral Termination**"):

7.2.1 by the agreement of the Collecting Authority and the County Council;

7.2.2 in the event that there is a change in law, regulations, policy or binding guidelines which makes the continuation of this Agreement unlawful or the arrangements under this Agreement unnecessary;

7.2.3 in the event that New Anglia ceases to exist; or

7.2.4 on the 25th anniversary of the Effective Date.

In the event of a Multilateral Termination, subject to the agreement of all the parties otherwise or any applicable legislation, Schedule 6 shall apply.

7.3 Following termination of this Agreement for any reason whatsoever, any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination of this Agreement shall remain in full force and effect.

8 Change Control

8.1 If any party (the "**Requester**") wishes to change the scope and/or terms of this Agreement, it shall prepare and circulate to all other parties a written notice setting out the proposed changes, the reasons for requesting those changes and the likely impact of those changes on the operation, performance and wording of the Agreement (a "**Change Proposal Notice**"). The Requester shall send a copy of the Change Proposal Notice to all other parties, giving those parties a period of no less than 60 days (reducible to as low as 20 days in cases which the Requester, acting reasonably, deems to be urgent) to respond and comment.

8.2 If all the parties agree to the proposed changes set out in a Change Proposal Notice, the Requester will set out the actual changes to the provisions of this Agreement in a written document (a "**Change Control Notice**") and will send the Change Control Notice to all of the parties. Once signed by all parties, the changes set out in the Change Control Notice will be effective and this Agreement will be deemed to be varied accordingly. For ease of reference, each Change Control Notice will be given a unique sequential number (e.g. "Change Control Notice 1" etc.).

8.3 If any one or more parties do not agree to the proposed changes set out in a Change Proposal Notice, the Change Proposal Notice will be referred to the New Anglia Board for review, discussion and comment. The New Anglia Board will endeavour to assist all of the parties to reach agreement on the proposals in the Change Proposal Notice or to negotiate amendments to those proposals. If the parties reach agreement on the proposals (or amended proposals), the Requester will set out the proposals (or amended proposals, as the case may be) in a Change Control Notice, which will be sent to the other parties for signature in accordance with clause 8.2.

8.4 For the avoidance of doubt, amendments to this Agreement may only be made by the unanimous decision of all the parties to this Agreement or as a result of the 5 Yearly Reviews as set out in Schedule 2.

9 General

9.1 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

9.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and the circumstances for which it is given.

9.3 Nothing in this Agreement is intended to, or shall operate to, create a partnership between the parties, or to authorise either party to act as agent for the other, and none of the parties shall have authority to act in the name or on behalf of or otherwise to bind the others in any way (including the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power) and none of the parties shall incur any expenditure in the name of or for the account of the others.

9.4 This Agreement does not create any rights or benefits enforceable by any person not a party to it (within the meaning of The Contracts (Rights of Third Parties) Act 1999).

9.5 Notice given under this Agreement, subject to clause 9.6, shall be in writing, sent to the address and person set out below (or such other address or person as the relevant party may notify to the other party) and shall be delivered either personally, by courier, by pre-paid, first-class post or by recorded delivery. A notice is deemed to have been received: if delivered personally, at the time of delivery; in the case of pre-paid first class post, recorded delivery or courier, 48 hours from the date of posting. If deemed receipt under this clause is not within working hours, the notice will be deemed to be received at the commencement of normal working hours on the first working day following delivery. To prove service of notice, it is sufficient to prove that the envelope containing the notice was properly addressed and posted or handed to the courier. Notices shall be sent to:

Party	**Addressee information**
New Anglia Local Enterprise Partnership Limited	*Address:* c/o Mills & Reeve LLP, 1 St. James Court, Norwich, Norfolk, NR3 1RU *Attention:* ***Managing Partner*** *Ref: NSE/4024746-0005*
Collecting Authority	*Address:* Council Offices, Holt Road, Cromer, Norfolk, NR27 9EN *Attention:* ***Chief Executive/Chief Finance Officer***
County	*Address:* County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH *Attention:* ***Managing Director/Chief Finance Officer***

9.6 A notice may be served by email and if no "out of office auto-reply" is received by the sender within one hour of transmission the notice will be deemed to have been delivered:

9.6.1 on the same working day if transmitted prior to 5:00pm on a working day in the recipient's time zone; or

9.6.2 on the next working day if transmitted at or after 5:00pm in the recipient's time zone.

9.7 The email addresses for service of any notices under clause 9.6 are as set out below until such time as either party notifies the other in writing of any change:

9.7.1 for New Anglia: info@newanglia.co.uk;

9.7.2 for the Collecting Authority: accountancy@north-norfolk.gov.uk; and

9.7.3 for the County: econdev@norfolk.gov.uk.

10 Governing Law and Jurisdiction

10.1 This Agreement and any dispute or claim (including any non-contractual dispute or claim) arising out of or in connection with it or its subject matter, shall be governed by, and construed in accordance with, the laws of England.

10.2 The parties irrevocably agree that any dispute or claim (including any non-contractual dispute or claim) that arises out of or in connection with this Agreement or its subject matter shall be resolved pursuant to clause 4.

10.3 Nothing in clause 4 or this clause 10 shall prevent any party from applying at any time to the court for injunctive relief on the grounds of infringement, or threatened infringement, of the applicant's intellectual property rights.

Signed for and on behalf of **NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED**

Signature: ....

Name: ....
Position: ....
Date: ....

Signed for and on behalf of **NORTH NORFOLK DISTRICT COUNCIL**

Signature: ....

Name: ....
Position: ....
Date: ....

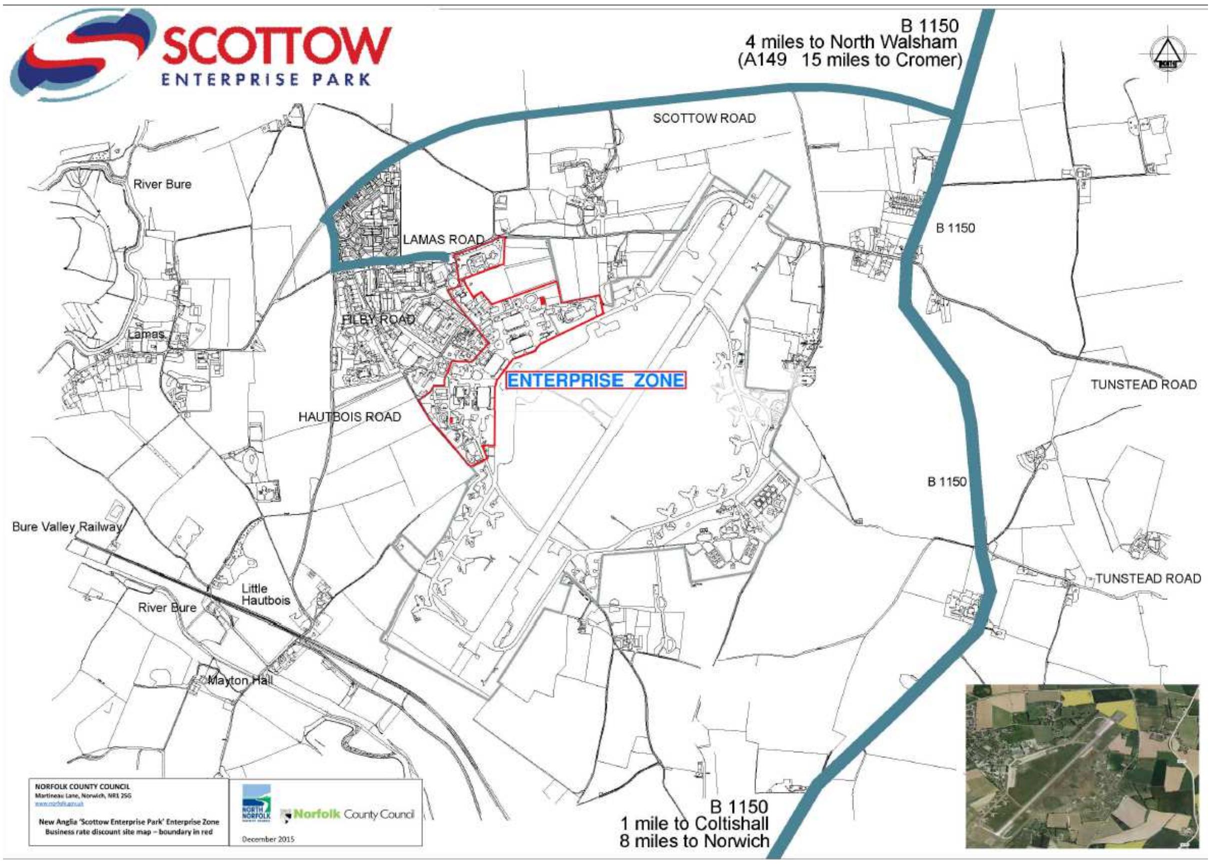
Signed for and on behalf of **NORFOLK COUNTY COUNCIL**

Signature: ....

Name: ....
Position: ....
Date: ....

Schedule 1

The Area



Schedule 2

The Funds

In accordance with clause 3 of the Agreement, the Business Rates Uplift actually received will be applied to establish the following Funds:

New Anglia LEP Costs

New Anglia's legitimate & agreed costs incurred in operating the Zone are top sliced from 100% of the Business Rates Uplift prior to the % splits into Funds A1, A2, B & C below. A separate schedule of eligible costs (incurred both before and after the Effective Date) associated with this will be agreed between the parties. One of these costs shall be the cost of employing the New Anglia Enterprise Zone Project Team (less the agreed 25% reduction in the Head of Enterprise Zones & Innovation costs). These costs will be divided by the 9 EZ rates collecting authorities (including the Collecting Authority) equally;

Babergh District Council

Great Yarmouth Borough Council (Great Yarmouth & Lowestoft Enterprise Zone)

Ipswich Borough Council

Borough Council of King's Lynn & West Norfolk

Mid Suffolk District Council

North Norfolk District Council

South Norfolk Council

St Edmundsbury Borough Council

Waveney District Council (Great Yarmouth & Lowestoft Enterprise Zone)

Fund A1

The Collecting Authority will hold Fund A1, which will comprise 20% of the overall Business Rates Uplift received from its Area (which includes a contingency (the "**Contingency**") of 4% of the overall Business Rates Uplift, i.e. one fifth of Fund A1). It is expected, but not required, that the Collecting Authority will use Fund A1 to recover some (or all) of its direct costs and eligible expenses which it foregoes (such as planning fees for development and Community Infrastructure Levy contributions required for infrastructure within their Area) together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date), including the collection of business rates in its Area. However, ultimately the Collecting Authority can use its Fund A1 as it wishes.

The Contingency shall be payable in accordance with the Contingency Reviews.

Fund A2

Fund A2 is for the County Council and will comprise 3% of the overall Business Rates Uplift received from its Area. It is expected, but not required, that the County Council will use Fund A2 to recover some (or all) of its direct costs and eligible expenses which it foregoes, together with its administrative and other operational costs arising out of its Area (both before and after the Effective Date). However, The County Council can use Fund A2 as it wishes.

Payment of monies into Fund A2 by the Collecting Authority will be made in accordance with Schedule 7

Fund B

The Collecting Authority will hold a Fund B, which will, calculated over the Term, comprise of up to 52% of the overall Business Rates Uplift received from its Area and will be used to facilitate investment which will directly assist the further development of its Area. Fund B will be managed in accordance with the principles and criteria set out in Schedule 3.

The rationale behind Fund B is that it should accelerate the development of the Collecting Authority's Area and therefore generate additional business rates which will become available for the Funds.

Fund C

Fund C will be called the "New Anglia Challenge Fund" and will, calculated over the Term, comprise of at least 25% of the overall Business Rates Uplift received by the Collecting Authority from its Area.

Fund C will be used to fund activities laid out in New Anglia's "Strategic Economic Plan" across the County.

Payment of monies into Fund C by the Collecting Authority will be made in accordance with Schedule 7.

Review of the Funds

The parties shall review the proportions of the Business Rates Uplift which are held in the Funds at 5 yearly intervals commencing with the Effective Date. The purpose of the 5 Yearly Reviews will be to consider if there ought to be a change in the proportions the Funds are held in and what those changes should be.

As part of the 5 Yearly Review, the parties shall conduct a Contingency Review. As at the date of this Agreement, the projections for Fund B are as follows:

Review date	£, millions
5 years	0.748
10 years	1.50
15 years	2.24
20 years	2.99
25 years	3.74

Unless otherwise agreed by the parties at each 5 Yearly Review, the Contingency, to the extent that it is able, shall be used to make-up any deficit in Fund B at the time of that 5 Yearly Review. Any surplus Contingency at each 5 Yearly Review shall revert to Fund A1.

If the parties do not reach an agreement within 3 months commencing with the first date that a party raised a request to carry out a 5 Yearly Review, the Collecting Authority and the County Council may, by written notice to the other parties, specify the change in the proportion of Business Rates Uplift held in the Funds (excluding the application of the Contingency) and this Agreement shall be amended in accordance with that specified change, as per clause 8.4.

Schedule 3

Fund B Management and Projects

The Collecting Authority will administer Fund B on behalf of New Anglia in accordance with the terms of this Agreement.

The parties are tasked with developing individual Projects in line with the principles of the Development Plan. The parties will agree individual Projects on a case by case basis.

In accordance with the Development Plan, potential Projects to be funded out of Fund B include infrastructure or utilities investment in the sites comprised within the Area, including access roads, funding for the building of business premises and marketing of the Area.

Development Plan

Each Development Plan covers a period of 5 years.

The parties shall, no later than six (6) months prior to each five (5) year anniversary of the Effective Date agree a draft development plan for review and approval by MHCLG (from time to time). Once in agreed format the draft development plan shall become the Development Plan for the following five (5) years of the Term or until such date as a new Development Plan is agreed by the parties, whichever is the earlier.

Fund B Eligibility Criteria

For a Project to be funded from Fund B, it will need to meet the following criteria:

1 Projects put forward for consideration under a Fund B need to be of an economic development nature, including measures to support property development, infrastructure and utilities provision, business, employment and skills development but not housing or community development.

2 Projects must lead to the creation of jobs, business and/or commercial property in the Area. This will drive physical development and the generation of rateable income from that Area.

3 Requests for funding should primarily be in respect of capital for Projects rather than revenue funding for programmes.

4 Projects put forward for consideration must be submitted together with a memorandum of understanding agreed by all parties involved on the proposed Project.

5 Projects must specifically enhance the Area rather than the electoral area of the Collecting Authority as a whole. As a result, funding should be proportionate. If sites in the Area covered by the Project only represent a percentage of the beneficiary sites, the funding provided from Fund B for the Project has to reflect this proportionately (for example, if sites in the Area only represent 20% of the beneficiary sites, the funding from Fund B for the Project should be 20% of the total funding for the Project).

6 Projects must be deliverable and realistic in terms of funding requested. Fund B cannot fund major infrastructure developments on its own, but could contribute towards them pro-rata.

7 Funding needs to relate to the time frame within which it is generated or there needs to be a commitment from the Collecting Authority to fund the Project by borrowing against a future allocation of Fund B funding.

8 Projects will need to show clear causal relationship in terms of benefit to the Area. Benefits need to be proven rather than assumed or deduced. Projects may need to be ranked accordingly in terms of awarding funding.

9 Funding will be prioritised for Projects which accelerate development of the Area.

10 Funding cannot be sought for Projects or programmes that could be funded from alternative sources, but matched funded Projects will be welcomed.

11 Projects need to have the endorsement of the Collecting Authority and County Council (the "**Endorsers**"), and be part of the Development Plan.

12 Funding will principally be by way of grant or guarantee but may, in exceptional circumstances, be by way of loan or investment.

13 Funding must not breach the state aid rules; and the recipient will be required to warrant that the funding will not breach the state aid rules.

Fund B redundancy

If, at any point, all of the parties agree that this fund is no longer needed Fund B will then be used for economic development in the Area.

Projects which generate revenue or create capital assets with a residual value

Where funding from Fund B is used to fund a Project which directly generates revenue (such as rental income, fees or royalties) or is used to fund the purchase of a capital asset which has a residual value at the end of the Project as set out in the Project documentation (with such revenue and/or residual value being referred to as "**Revenue**"), the parties shall, as part of the Project development process, agree how the Surplus will be shared.

"**Surplus**" is the Revenue less:

a) all interest and borrowing costs and charges properly incurred by the funders of the relevant Project; and

b) all maintenance, operational and similar costs properly incurred by the operators of the relevant Project.

For the avoidance of doubt, the arrangements relating to the sharing of Surplus above will only apply to Projects which actually generate Revenue. The parties acknowledge that many of the Projects funded from Fund B will not be intended to generate Revenue or have the opportunity to generate Revenue. However, where the parties believe that a Project might generate Revenue, they shall put in place, as part of the funding arrangements for that Project:

a) measures to ensure that costs and Revenue are properly recorded and monitored; and

b) provisions in respect of the reporting and payment of Surplus shares.

New Anglia's prior written consent is required before an Endorser prematurely terminates any Revenue generating Project

Schedule 4

Freedom of Information

1 In this Schedule, the following terms shall have the following meanings:

"**Environmental Information Regulations**" means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations.

"**FOIA**" means the Freedom of Information Act 2000, and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.

"**Information**" means information (as defined by section 84 of FOIA) which is related to or has a connection with this Agreement or the collaboration of the parties as envisaged by this Agreement.

"**Request for Information**" means a request (or an apparent request) for Information under the Code of Practice on Access to Government Information, FOIA or the Environmental Information Regulations.

2 If a party receives a Request for Information (the "**Receiving Body**"), it will send a copy of the Request for Information to the New Anglia Board as soon as practicable. The Receiving Body shall consult with the New Anglia Board and give reasonable consideration to New Anglia Board's opinions, on how the Receiving Body should respond to such Request for Information.

3 Provided the Receiving Body has complied with paragraph 2 above and given the New Anglia Board reasonable time to express its opinions (bearing in mind the timescales for responses set out in FOIA and the Environmental Information Regulations), the Receiving Body shall respond to the Request for Information as it considers best.

Schedule 5

Consequences of Unilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall not retain any further Business Rates Uplift as part of its Fund A1 but must pass percentages of the Business Rates Uplift set out in Schedule 2 to its Fund B and to Fund C respectively.

3 The County Council shall not be entitled to receive any further Business Rates Uplift as part of its Fund A2.

4 The Collecting Authority shall continue to hold and manage its Fund B in accordance with this Agreement.

5 The Collecting Authority shall continue to hold and manage Fund C in accordance with this Agreement.

6 If any reconciliation is required between Fund B and Fund C then, subject to any Current Commitments, this shall take place within three months of the date of the Unilateral Termination.

7 Where a unilateral termination has taken place, and there is a subsequent multilateral termination, paragraphs 1, 4 and 5 of Schedule 6 shall apply.

Schedule 6

Consequences of Multilateral Termination

1 The Collecting Authority shall continue to collect the business rates in accordance with the applicable legislation from time to time.

2 The Collecting Authority shall retain and have full control over Fund A1.

3 The County Council shall retain and have full control over Fund A2.

4 Subject to any Current Commitments, the Collecting Authority and the County Council shall divide Fund B as follows:

4.1 firstly (and as priority over the payment in paragraph 4.2 below), to the extent that at the time of the Multilateral Termination Fund B exceeds the projections for it set out in Schedule 2 (calculated *pro rata* if the Multilateral Termination does not fall on the date of a 5 Yearly Review) repayment to the Collecting Authority of any payments to Fund B from the Contingency as envisaged by Schedule 2; and then

4.2 the remainder shall be divided between themselves in the same proportion as the percentages for Fund A1 and Fund A2 set out in Schedule 2.

5 The Collecting Authority shall, subject to any Current Commitments, pay any balance of Fund C to New Anglia. If New Anglia has ceased to exist and there is no successor (either appointed by Secretary of State or by law), any balance of Fund C shall be retained by the Collecting Authority.

Schedule 7

New Anglia Financial Schedule

1 The Collecting Authority shall continue to collect the business rates in the Area in accordance with the applicable legislation.

2 At each financial year end the National Non-Domestic Rates ("**NNDR**") team of the Collecting Authority will confirm with New Anglia the amount of business rates attributed and collected in the Area in accordance with the applicable legislation. (Actual NNDR EZ qualifying relief & the actual net rates paid for the relevant fiscal year and any other mandatory reliefs in EZ designated area). The Business Rates Baseline for the Area will increase in line with the Consumer Price Index (CPI) published by the Office of National Statistics (or such other measure of inflation as the parties may agree from time to time) for every year of the Term.

3 After the Collecting Authority's confirmation of the business rates New Anglia will inform the Collecting Authority of the amount that is 1/9th of its eligible & agreed costs as per Schedule 2. The Collecting Authority will divide this cost between the Area specified in this Agreement and any other reciprocal Agreements it has entered into with New Anglia in respect of other areas within its district in an Enterprise Zone. New Anglia will temporarily waive the payment by the Collecting Authority of the Collecting Authority's Contribution to New Anglia Costs until the Area generates sufficient income from the Business Rate Uplift to pay such amount. Until the Collecting Authority's Contribution to New Anglia Costs is paid in full the unpaid Collecting Authority's Contribution to New Anglia Costs will be treated as a debt (without interest) owed by the Collecting Authority to New Anglia in the accounts of New Anglia and the Collecting Authority.

4 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay into Fund C that percentage of overall Business Rates Uplift set out in Schedule 2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund C to New Anglia no later than 31 December of each year, following the preceding financial year end.

5 After the Collecting Authority's financial audit of the business rates, the Collecting Authority will pay the amount calculated in accordance with Schedule 2 into Fund A2. If this differs from the figures set out in paragraph 2 of this Schedule, a breakdown of the audited amount will need to be justified by the Collecting Authority. The Collecting Authority shall use its reasonable endeavours to complete its audit and effect payment of monies for Fund A2 to the relevant County Council no later than 31 December of each year, following the preceding financial year end.

6 Funds A1 and B will be retained by the Collecting Authority.

Policy and Resources Committee

Item No 14

Report title:	**Local Government Association (LGA) Corporate Peer Review**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

The Local Government Association's (LGA) Corporate Peer Review process enables Councils to understand how they are operating and transforming and allows for external challenge and best practice. This will provide feedback and ideas to inform future strategies, transformation programmes and cultural changes.

Executive summary

The Local Government Association's Corporate Peer Review is a well-established programme with external officers and councillors spending time at councils as peers to provide challenge, feedback and share learning.

Norfolk County Council wishes to engage in a Corporate Peer Review to see how we are transforming our services and approaches for the people of Norfolk and gain additional insights to inform our future strategy. It is proposed that the Corporate Peer Review team comes into the Council for four days beginning the 26th November 2018.

Recommendation

- **Confirm that we will work with the LGA to conduct a Corporate Peer Review the last week of November 2018**

1. Proposal

The Corporate Peer Review is a core element of the LGA's sector-led improvement offer to local authorities and is set out in 'Sector-led improvement in local government' (June 2012). There have been over 700 Peer Reviews so far and the evaluation commissioned by the Cardiff Business School concluded that the process has shown *'impacts […] in five main areas [..] providing reassurance; improving external reputation; prompting behaviour change; informing organisational change; and supporting service transformation and financial sustainability'* (Downe, Bottrill and Martin (2017).

The following principles underpin the Corporate Peer Review;

- councils are responsible for their own performance
- stronger local accountability leads to further improvement
- councils have a sense of collective responsibility for performance in the sector as a whole
- the role of the Local Government Association is to help councils by providing the necessary support.

Corporate Peer Reviews are managed and delivered by the sector for the sector. They are improvement focused; the scope is agreed with the council and tailored to reflect their local needs and specific requirements. A peer team from across the sector and beyond spend a week with a Council with the ambition to help the council respond to its local priorities and issues in its own way to greatest effect.

All Corporate Peer Reviews focus on five core components. These reflect what the LGA consider to be the critical issues effecting council performance and ability to improve. The current core components are:

1. **Understanding of the local context and priority setting**: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. **Leadership of Place**: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. **Organisational leadership and governance**: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. **Financial planning and viability**: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. **Capacity to deliver**: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

Norfolk would like to carry out a Corporate Peer Review to ensure that the way we work and plan is robust, sustainable and affordable in current and future operating environments. Over the last year we have undergone substantial transformation with a new Vision, Strategy and Transformation Programme (Norfolk Futures). The Corporate Peer Review will provide us with invaluable feedback and insight at a critical point in our planning cycle.

Typical Peer Reviews are planned six months in advance, but we are proposing to have one in three months' time, starting on 26 November 2018. This is to ensure that the learning feeds into the design and implementation of Cabinet governance and our financial service strategies.

The Corporate Peer Review involves 4 steps;

1. The Council will prepare a position statement that provides visiting Peers with the information on Norfolk's core components as described above. This is typically 10-30 pages long. This is provided to the Peers two weeks before visiting the Council
2. The Corporate Peer Review team will visit the Council and through a series of interviews, workshops and document reviews establish how the Council meets the core components
3. A report is produced that is shared with the Council and amended as required
4. A final report is produced for the Council who then decide the action they wish to take based upon it

The Peer Review will provide an opportunity to gain useful insight on how the Council is doing and where we it can further improve.

2. Financial Implications

There are no additional financial requirements, apart from the staff time required to plan, prepare and engage with the process.

3. Issues, risks and innovation

A Corporate Peer Review is not an inspection and is intended to contribute to improvement and public assurance. It demonstrates the Council's commitment to transparency and good governance.

4. Background

Sector-led improvement in local government (2012)
https://www.local.gov.uk/sites/default/files/documents/sli-local-government-pdf--f4c.pdf

Rising to the Challenge: An Independent Evaluation of the LGA's Corporate Peer Review Programme (2017)
https://www.local.gov.uk/sites/default/files/documents/Rising%20to%20the%20Challenge%20February%202017%20-%20FINAL.PD

Officer Contact

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

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

Officer Name: Wendy Thomson, Managing Director
Email address: **wendy.thomson@norfolk.gov.uk**

IN TRAN communication for all

If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 18001 0344 800 8020 (textphone) and we will do our best to help.

Policy and Resources Committee

Item no 15

Report title:	**Annual Report of Compliments and Complaints**
Date of meeting:	**24 September 2018**
Report of:	**Managing Director**

Executive summary

This report considers formal complaints and representations made by members of the public and Members of Parliament, received by Norfolk County Council's Complaints Team between 1 June 2017 and 31 May 2018.The report sets out the main issues and trends by Department and the service improvements we have implemented as a result. The report also formally reports to Members the annual letter from the Ombudsman.

The Committee is invited to:

1. Note the contents of the report and endorse the action proposed to improve performance set out in paragraph 1.4
2. Note the Ombudsman report and the actions to be taken in response.

1. Introduction

1.1 This report sets out data on formal compliments, complaints and representations made by members of the public and Members of Parliament and received by Norfolk County Council's Complaints Team between 1 June 2017 and 31 May 2018.

1.2 The Council has established a central Compliments and Complaints Team which is located in the Managing Director's Department. The Team is responsible for co-ordinating responses to all formal complaints and in addition, issues raised by MPs on behalf of their constituents. One of the key objectives of the team is to ensure learning from complaints is embedded in what we do.

1.3 This report sets out the high-level data on complaints received and also sets out further detail of the trends on a departmental basis.

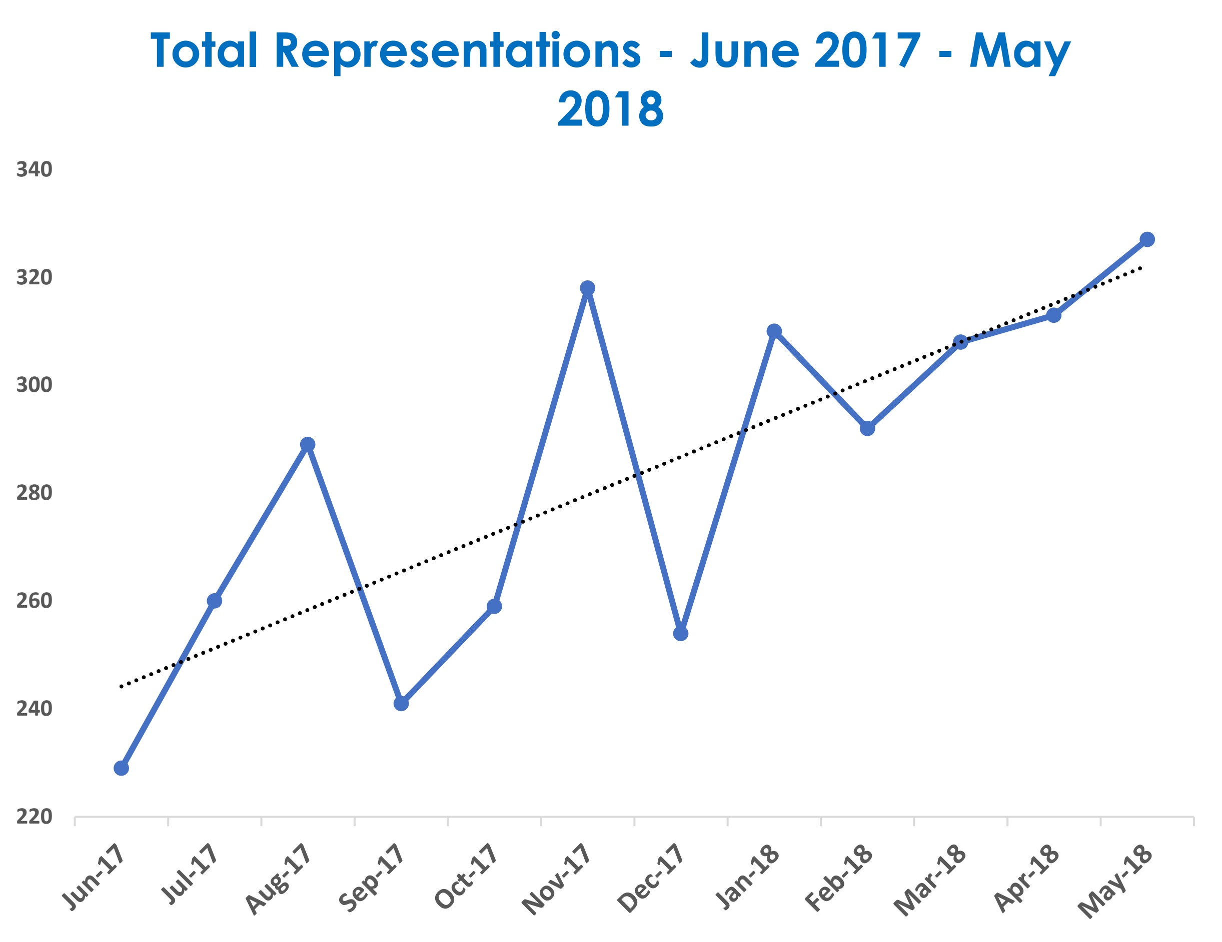
1.4 Based on the insight provided by this data, the Managing Director has commissioned a report to the County Leadership Team (CLT), highlighting areas within each service which would benefit from a detailed review and service improvement planning.

2. Trends

2.1 During the period 1 June 2017 to 31 May 2018:

- The Complaints Team received 3400 complaints and MP enquiries; an increase of 21% compared with 2805 received during the same period the year before. There is a marked and continuing upward trend in the volume of representations received, as shown in figure 1 (below). May 2018 was the busiest month on record for receipt of complaints and MP enquires with 327 complaints and MP enquiries being received.

Figure 1



- The complaints team received 1093 representations regarding Children's Services; an increase of 29.5% compared to 844 received during the previous period. Representations regarding Education, Health and Care Planning increased 82% from 95 to 173.

- There was an increase in representations regarding Communities and Environmental of 19%; with complaints going up 22% from 498 to 641 and MP Enquiries increasing 15% from 434 to 512. Waste and recycling saw an increase of 37%, largely because of the change in DIY policy and the negative publicity this attracted. There were also increases in representations regarding highway maintenance and flooding; the latter following the 11th wettest period on Met Office records.

- The number of complaints and representations regarding Finance increased by 57% from 184 to 290. The majority (262/90%) related to Finance Exchequer services, with many of the representations concerned with delayed and confusing communication regarding assessed financial contributions towards the cost of care and support.

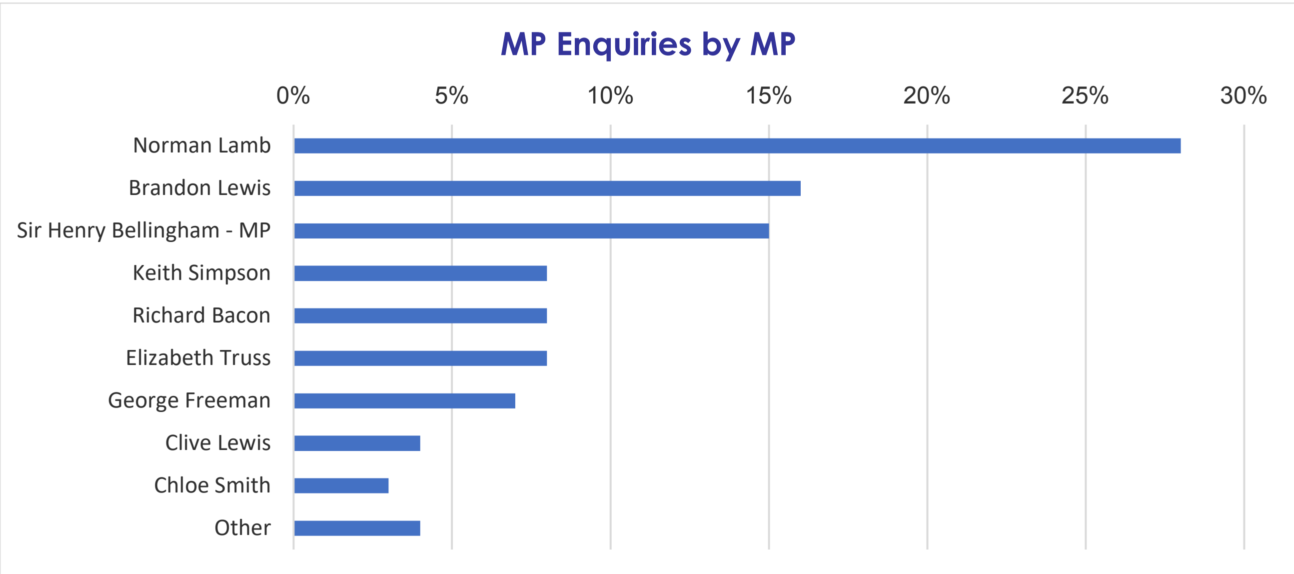
- The number of representations regarding Adult Social Services fell overall by 7%. Complaints were down 15% from 577 to 502, although MP enquiries increased by 16% from 147 to 170 and the number of representations regarding Learning disabilities doubled from 46 to 92.

- 554 unsolicited compliments from members of the public were formally logged, praising the work of the Council.

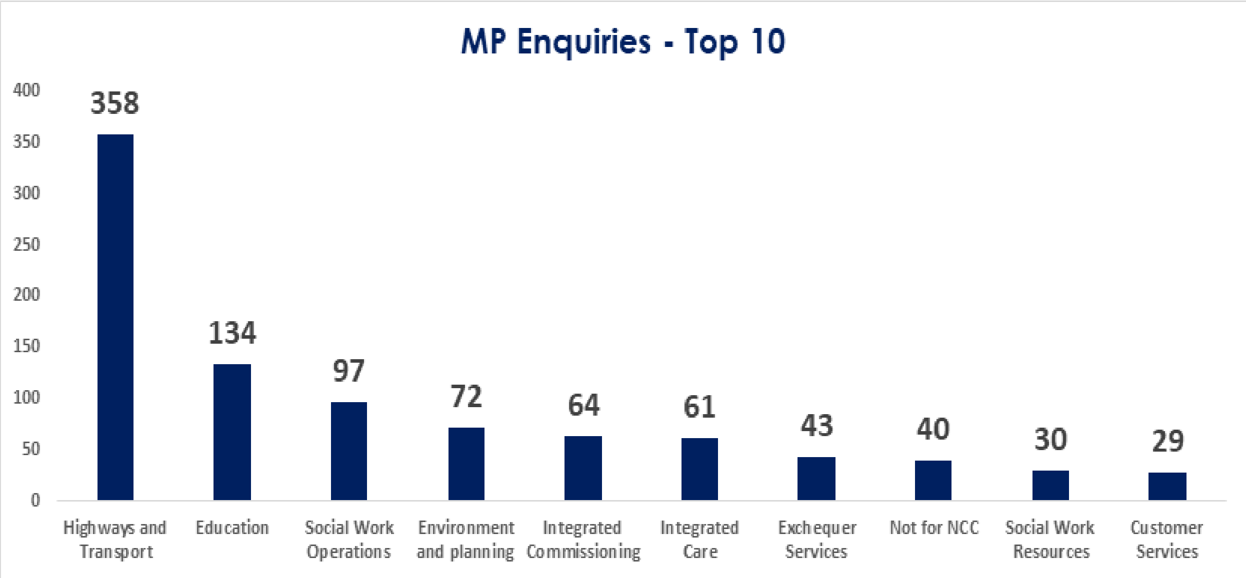
3. MP Enquiries

3.1 The Complaints Team acts as a single point of contact for representations sent to the Council by Members of Parliament. Case Officers and Case Managers investigate issues raised and draft responses for consideration by Chief Officers, the Leader and the Managing Director. The team regularly liaise with the offices of the nine Norfolk MPs to continually improve the efficiency and effectiveness of these key relationships. The team works closely with colleagues in the communication and consultation teams as part of the council's engagement with the county's MPs.

3.2 During this period 1101 MP Enquiries were received by the Complaints Team. This was an increase of 30% compared to the 847 enquiries received during the previous period.



3.3 Just fewer than a third (32.5%) of the total MP enquiries related to work of the Highways and Transport teams (which includes school and passenger transport). A further 27.5% related to Children's Services, and of those 12% (134) were concerned with the Education Department. Education, Health and Care Planning was the most prevalent feature of correspondence in that area.



4. Children's Services

4.1 There were 1093 complaints and MP enquiries regarding Children's Services received during the period. This is a total increase of 29.5% when compared to 844 received during the same period previously. MP enquiries accounted for just under a third of the total representations relating to Children's Services, an increase by 46% from 207 to 302. The department also formally logged 65 compliments.

4.,2 During the last Ofsted visit, inspectors were impressed with the visibility of the complaints service for Children and Young people and the recommendation and service improvement framework in place. Ofsted's report in January 2018 found children were effectively supported to make complaints, with the help of an advocate when needed. It also found that learning from complaints was used to inform training needs.

4.3 In February 2018 the complaints team undertook a two-day Restorative Approaches training course together with independent advocates from the organisation Coram Voice. Complaints Case Managers and Case Officers are now trained in facilitating restorative conferences as alternative dispute resolution. This is offered to children and young people to complement the complaints process and has already seen success in preventing unnecessary escalation of complaints.

4.4 This period also saw the introduction of the Mind of My Own (MOMO) app, providing children and young people in the care of the council a quick and accessible way to make their wishes and feelings known.

4.5 The increase in complaints numbers for Children's Services is in part as a result of this positive work done in increasing the visibility and accessibility of the complaints process.

4.6 Two particular issues have also attracted numerous MP enquiries on behalf of concerned constituents. The first of these was the change to the way respite services for

Children with Disabilities are delivered (the change of use of Morley House) and later the review of the provision for Children with Special Educational Needs and Disabilities. Both issues received coverage in the local press, with representations being received from concerned parents and carers.

4.7 During the period representations regarding Education, Health and Care Planning increased by 82% from 95 to 173. Many were concerned with delays in the issuing of Education, Health and Care plans.

4.8 Overall Children's Services have seen year on year increases in the numbers of both MP Enquiries and complaints. The figures for the last three financial reporting years are as follows;

	Complaints received		MP enquiries received		Overall	
2014/15	541	-	224	-	765	-
2015/16	550	↑ 2%	180	↓ 20%	730	↓ 5%
2016/17	582	↑ 6%	223	↑ 24%	805	↑ 10%
2017/18	749	↑ 29%	282	↑ 26%	1031	↑ 28%

4.9 During the period, the Local Government and Social Care Ombudsman upheld nine cases in the following areas of Children's Services:

Special Educational Needs	2
Alternative Education Provision	2
Early Help	2
Child Protection	1
Admissions	1
Attendance	1

5. Adult Social Care

5.1 The number of complaints relating to Adult Social Services has decreased by 15% from 577 to 502. At the same time the number of MP enquiries has increased by 16%, from 147 to 170. This is an overall decrease in total representations of 7%. The department also formally logged 172 compliments.

5.2 There was one public report published by the Local Government and Social Care Ombudsman (LGSCO) during this period which related to Adult Social Services. The Ombudsman found that Adult Social Services had not properly explained to a woman's family how her care home fees would be paid. This meant the family chose a care home without the information they needed to make an informed choice about the future care costs. As a result, the department apologised to the family and paid the complainant £300, in line with the recommendation from the LGSCO to remedy the injustice caused by the faults. The department also reviewed the procedures and informed staff of the learning points arising from the investigation. The recommendations agreed with the Ombudsman have been completed and the Ombudsman wrote in June 2018 to confirm his satisfaction with the Council's response.

5.3 Finances not being properly explained to services users and their families was an ongoing theme of complaints received during this period. In a number of cases this has resulted in the LCSCO recommending the Council waive charges, which would otherwise have been paid to the Council as a person's assessed financial contribution towards the cost of care and support received. Delays in annual reviews have also regularly featured in the representations received.

5.4 Changes to the type of level of support available, often following a review, featured in many complaints about Adult Social Services. A concern raised in a number of complaints was the transparency of funding panel processes.

5.5 Changes to Adult Social Services transport policy requiring service users to make use of mobility vehicles and attend their nearest day centre was also a source of representation and complaints during the period.

5.7 The number of representations regarding Learning Disabilities doubled during this period compared to last, increasing to 92. Long overdue reviews have been a common theme, as has, unfortunately, complaints regarding the service commissioned from QAP (an external social work organisation) to try and address this backlog.

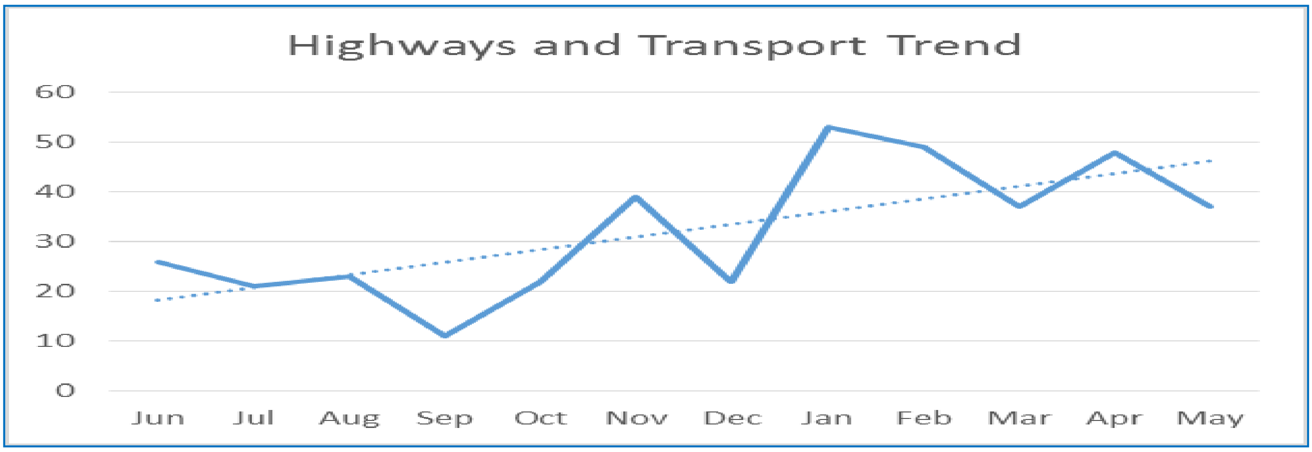
5.8 During the period, the Local Government and Social Care Ombudsman upheld eight cases in the following areas of Adult Social Services:

Domiciliary Care	2
Safeguarding	1
Residential Care	1
Mental Health	1
Social Work	1
Assessment and Care Planning	1
EDT	1

6. Communities and Environmental Services (CES)

6.1 There was an increase in representations regarding CES of 19%; with complaints going up 22% from 498 to 641 and MP enquiries increasing 15% from 434 to 512. Waste and recycling saw an increase of 37%, largely because of the change in DIY policy from April and the associated negative publicity this attracted. There was also an increase in representations regarding highway maintenance. The department also logged 222 compliments during the period.

There were also increases in complaints regarding pot-holes, reflective of an increase in pot-hole reports received by the Customer Service Centre.



6.2 Flood and Water Management received more than double the the number of MP letters and complaints this period compared to last, increasing from 19 to 52 (117%). 29 of those were from MPs. These peaked in August and September 2017 following a very wet summer: the period June to August 2017 being the 11th wettest on record with the Met Office.

7. Financial Services

7.1 The number of complaints and representations regarding Finance increased by 57% from 184 to 290. The majority (262/90%) related to Finance Exchequer services. The department also formally logged 17 compliments.

7.2 25% of these complaints related to Financial Assessments; 22% to Direct Payments; 14% to the residential income teams and 13% to Credit Control.

7.3 Many of these complaints were a result of confusing and sometimes contradictory information being sent to service users. The period also saw changes to supported accounts, with the contract with Equal Lives coming to an end.

7.4 The implementation of the new Disability Related Expenses (DRE) policy gave rise to an increase in complaints. The new policy saw a reduction in the amount of money automatically disregarded from a person's income when determining how much they can afford to contribute towards the cost of the care and support which they receive.

7.5 During the period, the Local Government and Social Care Ombudsman upheld six cases in the following finance areas:

Charging	4
Direct Payments	2

As a result of fault identified by the Ombudsman in these cases, the Council agreed to waive £14,308 of charges.

8. Service Improvements

8.1 One of the key objectives of the complaints system and the complaints team is to identify where we can learn from complaints, make recommendations for service improvements and ensure these are embedded in service provision, ensuring we continually improve what we do. Set out below are some examples of service improvements made during this period.

a) Processing of Payments

The Council delayed payment of Special Guardianship Allowance to a family. The family were experiencing financial hardship and were assured the allowance would begin without further delay. This did not happen and a formal complaint was made. The complaint investigation revealed the failure was due to a paper form being sent in the internal post being lost. The complaint highlighted a highly inefficient and unnecessary process of transcribing digital information to a paper form and then sending that form via internal mail from County Hall to the County Hall Annex; for the information to then be manually re-entered into a digital system. As a result of the recommendation, the process was changed to be entirely electronic, saving time, money and increasing security and reliability.

b) Education

The council failed to consider a parent's circumstances when deciding to prosecute her for her son's non-attendance at school. Guidance states prior to deciding to submit a case to court for prosecution the council should consider each case on its individual merits. Changes were made to the council's procedures for prosecution, to ensure such a review is undertaken.

c) Safeguarding Investigations

A young person made a disclosure whilst at school. This lead to the involvement of the Police and Children's Services. The School's Designated Safeguarding Lead complained about an absence of support and advice from Children's Services in respect of the ongoing Police investigation. In response to the issues identified in the complaint and the recommendations made, the Head of Social Work for the locality set up practice development and learning sessions, inviting Designated Safeguarding Leads from local schools to attend to discuss and improve processes and partner relationships.

d) Housing with Care

The Council failed to properly inform a service user of the full cost of their Housing with Care accommodation. By the time the council did so, a debt of more than £14,000 had accumulated. In response to the lessons learned from this complaint the Council reviewed the charging model it had in place for Housing with Care and produced clearer information for service users to assist in their decision making when choosing the care and accommodation which is right for them. Additional training was also provided to staff to ensure they fully understood and could therefore appropriately advise and assist service users regarding the costs involved with this type of accommodation.

9. Ombudsman

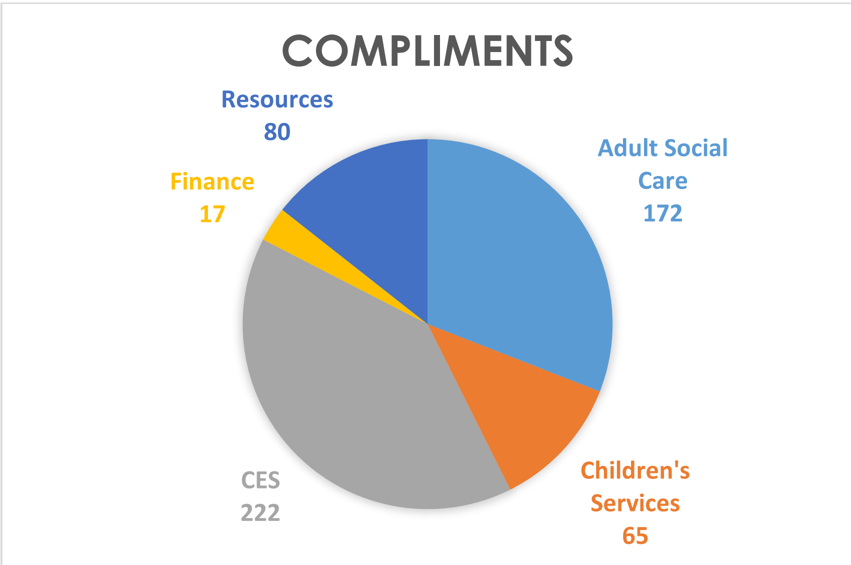
At the end of July 2018, the Local Government and Social Care Ombudsman (LGSCO) published his annual letters and complaint figures for the year ending 31 March 2018. During that period a total of 125 complaints and enquiries were receive by the Ombudsman relating to Norfolk County Council, which is the same number as the year before.

Of those 125, 44 led to detailed investigations, with 33 being upheld. This uphold rate of 75% is an increase compared with 56% the year before. A significant proportion of the complaints upheld by the LGSCO (24.2%) related to Education, Health and Care Planning.

The Ombudsman noted concern with delays and completeness of some of the responses which his office received during the period. As a result, additional resources, case handling and monitoring processes have been put in place to address these concerns and ensure enquiries from the Ombudsman's office are responded to more swiftly and comprehensively in future.

10 Compliments

The Council welcomes all feedback regarding our services and during the period received 554 formal compliments were received. Each compliment logged was an unsolicited expression of praise for the quality of a service provided, received from a member of the public, about the work of the Council.



11. Financial Implications

11.1 None directly arising from this report.

12. Recommendation

12.1. To note the contents of the report and endorse the action proposed to improve performance set out in paragraph 1.4

12.2. To note the Ombudsman report and the actions to be taken in response

13. Issues, Risks and Innovation

13.1 By welcoming complaints and learning from them we aim to constantly improve our services.

Officer Contact

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

Officer Name: Chris Walton **Tel No:** 01603 222620
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Local Government & Social Care OMBUDSMAN

18 July 2018

By email

Wendy Thomson
Managing Director
Norfolk County Council

Dear Wendy Thomson,

Annual Review letter 2018

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics
In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

In February 2018, we issued a public report against your Council. We found that you had not properly explained to a woman's family how her care home fees would be paid. This meant the family chose a care home without the information it needed about to make an informed choice about her future care costs.

The Council agreed to apologise to the family and pay the complainant £300 to remedy the injustice caused by the faults. I also asked you to review your procedures and inform staff of the learning points arising from our investigation. At the time of writing the Council has yet to fully implement all my recommendations. However, I am hopeful that this will be all resolved shortly.

The year also highlighted more general concerns about your Council's responses to our enquiries. Several of our investigations were delayed by your Council's failure to respond in a timely way to our draft decisions. My investigators say that too often they had to chase progress on cases with your officers. They also say that your officers sometimes failed to provide the information they requested or did not fully answer the questions we had posed. Of course, this had a material effect on our ability to progress our investigations. This in turn undermines the complainants' confidence in the complaints process. It is important that your Council takes steps to address these concerns to ensure that our enquiries are responded to more swiftly in the future.

Future development of annual review letters
Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensibly publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will be therefore seeking views from councils on the future format of our annual letters early next year.

Supporting local scrutiny
One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at www.lgo.org.uk/scrutiny. I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

Learning from complaints to improve services
We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of it districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

Complaint handling training
We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we

delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit www.lgo.org.uk/training.

Yours sincerely,

Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Norfolk County Council
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:
http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
58	0	4	53	1	9	0	0	0	125

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
5	1	43	26	11	33	75%	119

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.

The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied	
by LGO	Satisfactorily by Authority before LGO Involvement
27	3

Policy and Resources Committee

Item No 16

Report title:	**Notifications of Exemptions Under Contract Standing Orders**
Date of meeting:	24 September 2018
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 13 September 2018 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 Exemption**	**Date seen by the Chairman of Policy and Resources Committee**
Pinsent Mason	£270,000– 14 September 2018 to 31 March 2019. EX 52683	Legal support for the development consent order for the Third River Crossing, Great Yarmouth. Exemption needed because of urgency and criticality and the specialist nature of the work.	13 September 2018

Officer Contact

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

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

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Policy and Resources Committee

Item No 17

Report title:	**Limited Company Consents**
Date of meeting:	**24th August 2018**
Responsible Chief Officer:	**Executive Director of Finance & Commercial Services – Simon George**

Strategic impact

Limited companies owned by the County Council require the consent of the County Council before they can make certain decisions including the appointment of directors.

Executive summary

Policy and Resources Committee is recommended to:

1. **Recommend to Full council the appointment of directors to companies as detailed in appendix A**

1. Background

Appointment of Directors

1.1 Limited companies owned by the County Council require the consent of the County Council to appoint directors to its companies.

1.2 The Executive Director of Finance & Commercial Services has reviewed the attached list of appointees (In appendix A) and advises that they are suitable

And subsequently recommends that the Policy and Resources Committee approve the appointment of the attached list of directors to Full Council.

2. Financial Implications

2.1. The effective management and oversight of the Limited companies owned by the County Council will further enhance the financial return to the Council.

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.

4. Background Papers

Officer Contact

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

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

Officer Name:	**Tel No:**	**Email address**:
Simon George	01603 222400	simon.george@norfolk.gov.uk

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Appendix A

Company	Resign	Appoint
Great Yarmouth Norse Limited	Clive Whitaker (retiring)	Gary Atkins
Hamson Barron Smith	Karen Knight	Non required

Policy and Resources Committee

Item No 18

Report title:	**Recommendations from the Constitution Advisory Group meeting held on 4 September 2018**
Date of meeting:	**24 September 2018**
Responsible Chief Officer:	**Managing Director**

Strategic impact

Article 13 of the Constitution provides that changes to the Constitution may only be made by full Council following consideration of the proposal by the Constitution Advisory Group (CAG) who will make recommendations to this Committee. The Group met on 4th September 2018 and made recommendations to the Policy and Resources Committee which are set out in this report.

Executive summary

The **recommendations** from CAG are as follows:

(a) Health and Wellbeing Board – Governance and Systems Leadership (report to CAG attached at Appendix A)

That Policy and Resources Committee recommends Council to amend the constitution accordingly to enable the changes below:

1. Agree that the Chair of the N&W Sustainability & Transformation Partnership (STP) and the N&W STP Executive Lead become full members of the HWB (para 2.3 of the report)

2. Agree that the cabinet member for Community Health and Safety at Waveney District Council (or its successor authority) becomes a full member of the HWB (para 2.5 of the report)

3. Agree that there should be provision for members of the public to ask questions in line with procedural rules (as outlined in Appendix B to the report)

(b) Review of Financial Standing Orders (FSOs) and Consequential Amendments to the Constitution (report to CAG attached at Appendix B)

That Policy and Resources Committee recommends to Council the changes to Financial Regulations as set out in Appendix 1 of the report to CAG

(c) Communities and Environmental Services – Trading Standards – Addition to Part 6.2 – Scheme of Delegated Powers to Officers (report to CAG attached at Appendix C)

That Policy and Resources Committee recommends Council to amend Part 6.2 of the Constitution to include the additional provision as set out in the report to CAG.

(d) Appointment of Senior Officers (report to CAG attached at Appendix D)

That Policy and Resources Committee recommends to Council that the Director of Growth and Development be added to the list of posts set out in Part A of the Appendix to Part 6.4 of the constitution.

(e) Changes to the Scheme of Delegation for the determination of Planning Applications and the provision of Training for Members of the Planning (Regulatory) Committee (report to CAG attached at Appendix E)

That Policy and Resources Committee recommends to Council that the changes to the constitution are adopted as set out in the report and that the training requirements apply to all Members and Substitute Members sitting on the Committee.

(f) Order of Business at Council Meetings

That Policy and Resources Committee recommends to Council that the order of business at Council meetings as currently set out in 2.1 of Part 3.2 of the constitution be amended so that motions under Standing Order 9 be considered after reports/recommendations from Committees and Member questions to Committee Chairmen.

2. Implications

Any financial implications are set out in the reports to CAG which are attached. 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

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

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Report title:	**Health and Wellbeing Board – Governance and systems leadership**
Date of meeting:	**2 May 2018** **4 September 2018**
Sponsor:	**Dr Louise Smith, Director of Public Health**

Reason for the Report

The Health and Wellbeing Board (HWB) is operating in a rapidly changing health, care and wellbeing landscape. It is appropriate for the Board to consider its governance on a regular basis to ensure that it continues to work efficiently and effectively, and is well placed to pursue its strategic priorities.

Report summary

This report highlights some key areas of the HWB's governance arrangements in terms of membership and current ways of working and invites members to consider and make comments on proposals for change.

Recommendations:

The HWB is asked to:

1 Agree that the Chair of the N&W Sustainability & Transformation Partnership (STP) and the N&W STP Executive Lead become full members of the HWB (para 2.3)

2 Agree that the cabinet member for Community Health and Safety at Waveney District Council becomes a full member of the HWB (para 2.5)

3 Agree that there should be provision for members of the public to ask questions in line with procedural rules (as outlined in Appendix B)

4 Recommend that Norfolk County Council be asked to consider amending its constitution accordingly to enable the changes above (para 4.1)

1. Background

1.1 The Health and Wellbeing Board (HWB) operates as system leader providing oversight and strategic leadership of the wider health, care and wellbeing system. The system is complex, involving many organisations and systems, and commissioning across the NHS, social care, public health and wider services.

1.2 The Board works in the rapidly developing health and care landscape and it regularly reviews its governance to ensure it continues to be effective and is well placed to pursue its strategic priorities. The Board last reviewed its governance in September 2017 and introduced a number of changes to bring the arrangements up to date, strengthen the HWB's governance and streamline its working practice. The report is available at this link: Governance and System Leadership approach - September 2017.

2. Membership

2.1 The HWB has a key role in the strategic oversight of the Sustainability & Transformation Partnership's (STP) ambitions for delivering sustainable health and social care services across Norfolk and Waveney. The role will develop as the system works towards an integrated health and care system for Norfolk and Waveney, to drive improvement (see item 6 on this agenda).

2.2 The Chair of the Norfolk & Waveney Sustainability & Transformation Partnership (currently Rt Hon Patricia Hewitt) is invited to join all Board meetings and the STP Executive Lead (Antek Lejk is the outgoing Executive Lead) has held a place on the HWB by virtue of his role as Chief Executive of the South Norfolk & North Norfolk CCGs.

2.3 In order to strengthen the links between the HWB and the Sustainability & Transformation Partnership (STP) **it is proposed that:**

- The Chair of the N&W Sustainability & Transformation Partnership and the N&W STP Executive Lead become full members of the HWB

2.4 The work of the HWB continues to develop and respond to the changing health and wellbeing agenda. The Board's discussions often include the Waveney area - for example, around the STP, and also the Local Transformation Plan (Children and Young Peoples' mental health), and the Transforming Care Partnership (Services for Adults with a Learning Disability). In response to a request, the cabinet member for Community Health and Safety at Waveney District Council has been invited to join all HWB meetings since last autumn.

2.5 In order to strengthen these arrangements **it is proposed that:**

- The cabinet member for Community Health and Safety at Waveney District Council becomes a full member of the HWB

2.6 The proposed HWB membership is at **Appendix A.** It is recommended that Norfolk County Council be asked to consider amending its constitution accordingly.

3. How the Board conducts its work

3.1 The HWB holds formal meetings four times a year and, when relevant, these can include private informal discussions to enable the Board's strategy development. The Board also sets aside a half day each year for an informal development session to focus on specific issues in more detail.

Public questions

3.2 The HWB's formal meetings are held in public, although currently there is no provision for public questions at Board meetings. To strengthen these arrangements and provide greater democratic accountability, **it is proposed** that the HWB makes provision for members of the public to ask questions in accordance with the County Council's procedural rules. This is in line with a growing number Health and Wellbeing Boards around the country who have some form of provision for public participation.

3.3 The County Council has procedures for questions by members of the public at its service committees and it is proposed that these are adapted for use by the Health and Wellbeing Board as outlined **in Appendix B**.

4. Next steps

4.1 If agreed, these changes to the Board's membership and terms of reference would require change in the County Council's Constitution. **It is recommended** that Norfolk County Council be asked to consider amending its constitution accordingly. The process for changing the Council's Constitution and involves approval by the Council's Constitution Advisory Group, Policy & Resources Committee and then the County Council.

Officer Contact

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

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Appendix A

Health & Wellbeing Board

Representing	Membership	Substitute
Adult Social Care Committee, Norfolk County Council (NCC)	Cllr Bill Borrett*	Cllr Shelagh Gurney
Adult Social Services, NCC	James Bullion*	Debbie Bartlett
Borough Council of King's Lynn & West Norfolk	Cllr Elizabeth Nockolds	Cllr Sam Sandell
Breckland District Council	Cllr Paul Claussen	Cllr Trevor Carter
Broadland District Council	Cllr Andrew Proctor	Cllr Roger Foulger
Children’s Services Committee, NCC	Cllr Penny Carpenter	Cllr Stuart Dark
Children’s Services, Norfolk County Council	Sara Tough *	Sarah Jones
Director of Public Health, NCC	Dr Louise Smith *	
Great Yarmouth Borough Council	Cllr Andy Grant	Cllr Emma Flaxman-Taylor
Healthwatch Norfolk	William Armstrong*	Alex Stewart
NHS England, East Sub Region Team	Simon Evans-Evans	
NHS Great Yarmouth & Waveney CCG	Dr Liam Stevens*	
NHS Great Yarmouth & Waveney CCG	Melanie Craig	
NHS Norwich CCG	Tracy Williams*	
NHS Norwich CCG	Jo Smithson	
NHS North Norfolk CCG	Dr Anoop Dhesi *	
NHS North and South Norfolk CCG	Antek Lejk/Helen Stratton	
NHS South Norfolk CCG	Dr Hilary Byrne*	
NHS West Norfolk CCG	Dr Paul Williams*	
NHS West Norfolk CCG	John Webster	
Norfolk Constabulary	ACC Paul Sanford	ACC Nick Davison
Norfolk County Council	Cllr David Bills	
Norfolk County Council	Dr Wendy Thomson	
North Norfolk District Council	Cllr Maggie Prior	
Norwich City Council	Cllr Kevin Maguire	Adam Clark
Police and Crime Commissioner	Lorne Green	Dr Gavin Thompson
South Norfolk District Council	Cllr Yvonne Bendle	Cllr Florence Ellis
Sustainability & Transformation Partnership (Chair)	Rt Hon Patricia Hewitt	
Sustainability & Transformation Partnership (Executive Lead)	Antek Lejk	
Voluntary Sector Representative	Dr Joyce Hopwood	Laura Bloomfield
Voluntary Sector Representative	Dan Mobbs	Elly Wilson
Voluntary Sector Representative	Dr Janka Rodziewicz	Jon Clemo
Waveney District Council	Cllr Mary Rudd	

Standing invitation to attend Board meetings:

East Coast Community Healthcare CIC	Jonathan Williams	Tony Osmanski
James Paget University Hospital NHS Trust	Christine Allen	Anna Davidson
Norfolk Community Health & Care NHS Trust	Roisin Fallon-Williams	Geraldine Broderick
Norfolk Independent Care	John Bacon	
Norfolk & Norwich University Hospital NHS Trust	Mark Davies	John Fry
Norfolk & Suffolk NHS Foundation Trust	Julie Cave	Gary Page
Queen Elizabeth Hospital NHS Trust	Jon Green	Edward Libbey

***** Denotes statutory member

Questions by the public at the Health and Wellbeing Board

1. **How to ask a question**
   A question must be put in writing and in advance:

   a) **2 working days' notice** of the question is given in writing to the Head of Democratic Services; e.g. **no later than 9:00am on the Monday** preceding the Health and Wellbeing Board meeting on a Wednesday

   Or

   b) If the question relates to **urgent matters**, and it has **the consent of the chairman** to whom the question is to be put, and the content of the question is given to the Head of Democratic Services **by 4pm on the day before the meeting**.

2. **Who may ask a question and about what**
   A person resident in Norfolk, or who is a non-domestic ratepayer in Norfolk, or who pays Council Tax in Norfolk, may ask at a public meeting of the Health and Wellbeing Board through the Chairman any question within the terms of reference of the Health and Wellbeing Board about a matter for which the Board has collective responsibility or particularly affects the Board. This does not include questions for individual Board members where responsibility for the matter sits with the individual organisation.

3. **Rules about questions**

   a) **Number of questions** - At any public Health and Wellbeing Board meeting, the number of questions which can be asked will be limited to one question per person plus a supplementary. No more than one question plus a supplementary may be asked on behalf of any one organisation. No person shall be entitled to ask in total under this provision more than one question, and a supplementary, to the Health and Wellbeing Board in any six month period.

   b) **Other restrictions** - Questions are subject to a **maximum word limit** of 110 words. Questions that are in excess of 110 words will be disqualified. **The total time for public questions will be limited to 15 minutes**. Questions will be put in the order in which they are received

   c) **Supplementary questions** - One supplementary question may be asked without notice and should be brief (fewer than 75 words and take less than 20 seconds to put). It should relate directly to the original question or the reply. The Chairman may reject any supplementary question s/he does not consider compliant with this requirement.

4. **Response**
   The Chairman shall exercise his/her discretion as to the response given to the question and any supplementary.

   Not attending - If the person asking the question indicates they will not be attending the Board meeting, a written response will simply be sent to the questioner.

   Attending - If the person asking the question has indicated they will attend, response to the questions will be made available at the start of the meeting and copies of the questions and answers will be available to all in attendance. The responses to questions will not be read out at the meeting.

Supplementary question - The Chairman may give an oral response to a supplementary question or may require another Member of the Board or Officer in attendance to answer it. If an oral answer cannot be conveniently given, a written response will be sent to the questioner **within seven working days** of the meeting.

Written response - If the person who has given notice of the question is not present at the meeting or if any questions remain unanswered within the 15 minutes allowed for questions, a written response will be sent **within seven working days** of the meeting.

5. **Rejection of a question**
The Head of Democratic Services may reject a question if it:

(a) Is not about a matter for which the Board has collective responsibility or particularly affects the Board;

(b) Is defamatory, frivolous or offensive or has been the subject of a similar question in the last 6 months or the same as one already submitted under this provision;

(c) Requires the disclosure of confidential or exempt information, as defined in the Council's Access to Information Procedure Rules

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Constitution Advisory Group

Report title:	Review of Financial Standing Orders (FSOs) and consequential changes to constitution
Date of meeting:	4 September 2018

Strategic impact

It is best practice to undertake an annual review of Financial Regulations, which form part of the Council's Constitution. This review is required to ensure that Regulations continue to comply with legislation, meet the Council's needs, and accurately reflect the environment in which the Council operates. Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control.

Executive summary

Substantial updates to Financial Regulations were made during 2017. This report represents the outcome of the regular annual review for 2018 and recommends minor changes to the Financial Regulations of the County Council.

Recommendations:

Constitution Advisory Group is asked to:
1. **consider the changes to the Financial Regulations as set out in Appendix 1 of this report and propose any further amendments required prior to consideration by Policy and Resources Committee; and**
2. **note the timetable set out in paragraph 1.3 for Financial Regulations and supporting documents to be considered by the Constitution Advisory Group, Policy and Resources Committee, and County Council.**

1. Changes to Financial Regulations and Constitution

1.1 Norfolk County Council's Financial Regulations were subject to a detailed review and update in 2017-18. Nevertheless, it is good practice to review Financial Regulations annually to ensure that they reflect changes in statute and remain up to date and fit for purpose. The review of Financial Regulations also helps to fulfil the requirement for internal control set out in the Accounts and Audit Regulations 2015, which arise from the Local Audit and Accountability Act 2014. A review has therefore been undertaken in 2018-19, with minor changes proposed as set out in this report.

1.2 The draft Financial Regulations are set out as Appendix 2 to this report. Within the appendix, all changes (with the exception of minor formatting changes and other housekeeping updates such as numbering and links to other documents) are shown as tracked changes. Details of key changes in the Regulations are set out in paragraph 1.4 below, and a table of all changes is set out at Appendix 1.

1.3 The anticipated timetable for consideration of Financial Regulations by members is as follows:

- Constitution Advisory Group (CAG) 04/09/2018;
- Policy and Resources Committee 24/09/2018; and
- County Council 15/10/2018.

1.4 Any changes to the draft Financial Regulations recommended by Constitution Advisory Group will be incorporated into the version presented to the Policy and Resources Committee.

1.5 The following key changes to the County Council's Financial Regulations are proposed:

- **Section 4.8 – Norfolk Pension Fund** has been updated to reflect the latest position and requirements regarding pooling of assets and to clarify governance structures.
- **Section 5.3 – Financial Processes and General Data Protection Regulations** has been updated to replace references to the Data Protection Act 1998 with the General Data Protection Regulation 2018.
- **Procedures for writing off debts –** paragraph moved from section 5.4 (Schemes of Authorisation and Financial Responsibility) to section 5.5 (Income).
- **Section 5.13 – Assets** has been amended to include reference to lease assignments and clarify the use of surplus assets.
- **Annex B** has been amended to reflect the Chief Finance Officer's responsibility to form a judgement about the robustness of the Council's budget over all years of the Medium Term Financial Strategy.

1.6 References to the Corporate Property Officer throughout the document have been clarified as relating to the Head of Property.

2. Rationale

2.1. The adoption of updated Financial Regulations is essential to ensure that the Council continues to operate in line with statutory requirements. In practice, the County Council has already been meeting the requirements of these new regulations; adoption of the draft regulations will consolidate existing best practice.

3. Financial Implications

3.1. There are no direct financial implications of the proposed amendments to Financial Regulations for the Annual Budget. There are however potential financial implications of not updating the Financial Regulations, in that a failure to reflect best practice and the current operating environment may lead to a weakening of financial control in some areas.

3.2. Similarly, there are no direct resource implications from this report. However, updating the Financial Regulations helps ensure that standards for financial management reflect best practice and supports our service objective to safeguard and make the most economical use of resources and assets.

4. Issues, risks and innovation

Legal Implications

4.1. Adoption of these updated Financial Regulations will help the Council to achieve good corporate governance. This, in turn, will help the Council to prevent crime under Section 17 of the Crime and Disorder Act.

Risks

4.2. Financial Regulations are part of the arrangements for ensuring good corporate governance and financial control.

4.3. Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control in some areas.

4.4. The risk of a weakening of financial control due to the regulations becoming out of date is currently considered to be low as the Council is already meeting the requirements of the draft regulations. However, this risk would increase if Financial Regulations were not reviewed regularly.

5. Background

5.1. As part of the constitutional review in 2014, the Council's Financial Regulations were updated, and were adopted by Full Council on 28 April 2014.

5.2. Financial Regulations were last updated in 2017. Changes were recommended to Policy and Resources Committee on 27/11/2017, and they were agreed by County Council on 11/12/2017.

5.3. Financial Regulations will be subject to a further detailed review as part of the updates to the constitution which will be required as part of the transition to a Cabinet system of governance.

Background Papers
Norfolk County Council Financial Regulations
https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/constitution/part-7-7-financial-regulations.pdf

Officer Contact

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

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

APPENDIX 1

The key changes proposed to the Financial Regulations are set out in the table below. Please note the table does not reflect formatting changes, updates to job titles, and other similar minor amendments.

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
Minor change to wording to clarify Audit Committee terms of reference placement in the Constitution.	4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually, changes approved by the County Council and published as Appendix 2 to the Constitution. The composition is politically balanced and is reviewed at each appointment to the Committee.	4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually and published as Part 4.1 of the Constitution. Any changes are approved by the County Council. The composition is politically balanced and is reviewed at each appointment to the Committee.
Section 4.8 has been updated to reflect the latest position and requirements regarding pooling of assets and to clarify governance structures.	**4.8 Norfolk Pension Fund** 4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, with its own regulator (the Department of Communities and Local Government), which is administered locally. 4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund, and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme. 4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the	**4.8 Norfolk Pension Fund** 4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, with its own regulator (the Ministry of Housing, Communities and Local Government), which is administered locally. 4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund, and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme. 4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
	scheme to the Pensions Committee, including admitted bodies which acts as quasi-trustee of the Fund. 4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account. 4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities. 4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018. 4.8.7 The Pensions Committee is also responsible for the appointment and	to the Pensions Committee who act as quasi-trustee of the Fund. 4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account. 4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities. 4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018. 4.8.7 In order to facilitate the pooling of assets, the Norfolk Pension Fund has entered into an Inter-Authority Agreement with 10 other Administering Authorities, collectively known as the ACCESS (A Collaboration of Central,

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
	monitoring of Investment Managers, Custodian and other related service providers to the Fund. 4.8.8 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund annual report and the statement of accounts. The County Council delegates responsibility for the approval of the annual accounts to the Audit Committee. 4.8.9 The Norfolk Pension Fund has adopted an Investment Strategy Statement (formerly the Statement of Investment Principles) in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Investment Strategy Statement. 4.8.10 The Executive Director of Finance and Commercial Services is custodian of the Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions	Eastern & Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex. 4.8.8 The Pensions Committee is also responsible for the appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund. 4.8.9 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund statutory accounts and annual report. The County Council delegates responsibility for the approval of the annual Pension Fund statutory accounts to the Audit Committee. 4.8.10 The Norfolk Pension Fund has adopted an Investment Strategy Statement (formerly the Statement of Investment Principles) in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Investment Strategy Statement.

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
	Committee. The Executive Director of Finance and Commercial Services is also the custodian of the Fund's Communication Strategy, which details the communication needs of its stakeholders. 4.8.11 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.	4.8.11 The Pension Fund maintains a Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Pension Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders and to this end publishes and maintains a Customer Care and Communication Strategy Statement and a Governance Statement. 4.8.12 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers. 4.8.13 In line with all public service pension schemes, LGPS Funds are required to have a local Pensions Board. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice on Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. In Norfolk the local pension board is known as the Pensions Oversight Board and is made up of

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
		scheme member and scheme employer representatives with an independent chair.
Section 5.3 has been updated to replace references to the Data Protection Act 1998 with the General Data Protection Regulation 2018.	**5.3 Financial Processes and Data Protection** 5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems. 5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the Data Protection Act 1998 and that all staff are aware of their responsibilities under the Act and advice from the Information Commissioner.	**5.3 Financial Processes and General Data Protection Regulations** 5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems. 5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the General Data Protection Regulation 2018 and that all staff are aware of their responsibilities under the Act and advice from the Information Commissioner.
Procedures for writing off debts – paragraph moved from section 5.4 (Schemes of Authorisation and Financial Responsibility) to section 5.5 (Income).	No change – content moved from 5.4.2	5.5.2 Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
		monies owed to the Council.
Section 5.13 – Assets has been amended to include reference to lease assignments and clarify the use of surplus assets.	5.13.4 All property disposals (including lease surrenders), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer. In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer. The Council's named and designated Corporate Property Officer (the Head of Property) may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at 5.13.6and 5.13.7below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Part 6.2 of the Constitution). 5.13.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to the Business	5.13.4 All property disposals (including lease surrenders/assignments), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer (Head of Property). In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer (Head of Property). The Council's named and designated Corporate Property Officer (Head of Property) may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at 5.13.6 and 5.13.7 below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Part 6.2 of the Constitution). 5.13.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to the Business and Property

Proposed Financial Regulations Changes		
Change	**Original (Issue 7)**	**Proposed**
	and Property Committee to confirm its status as a surplus asset to be disposed of.	Committee to confirm its status as a surplus asset to be disposed of and/or exploited for income purposes.
Annex B has been amended to reflect the Chief Finance Officer's responsibility to form a judgement about the robustness of the Council's budget over all years of the Medium Term Financial Strategy.	1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Chief Legal Officer) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if at all possible.	1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Chief Legal Officer) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. The Executive Director of Finance and Commercial Services takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if possible.

PART 7.7

FINANCIAL REGULATIONS

Background

A. The County Council's governance structure is laid down in its Constitution, which sets how the County Council operates; how decisions are made; and how procedures are followed.

B. The County Council has adopted a Committee form of governance.

C. Elected members are responsible for "ownership" of the County Council's financial management. Responsible Budget Officers (RBOs) act on behalf of the County Council in exercising that responsibility and in securing compliance with the County Council's Financial Regulations.

D. The County Council's Head of Paid Service, the Managing Director at Norfolk County Council, is responsible for the corporate and strategic management of the County Council. The Managing Director must report to, and provide information for, the County Council and its committees. Furthermore, the Managing Director is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Managing Director is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the County Council's decisions.

E. The Statutory Finance Officer, the Executive Director of Finance and Commercial Services at Norfolk County Council, has statutory duties in relation to the administration and stewardship of the County Council's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit (England) Regulations 2015
- The Local Government Acts 2000 and 2003
- The Localism Act 2011

F. The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. Within these Financial Regulations, the terms Statutory Finance Officer, Chief Finance Officer, and Section 151 Officer all refer to the Executive Director of Finance and Commercial Services.

Contents

1. Status of Financial Regulations

1.1 Purpose and Scope

1.1.1 These Financial Regulations provide the basis for managing the County Council's financial affairs. They provide a framework for decision-making, which sets how specific statutory powers and duties are complied with, as well as reflecting best professional practices. This document also acts as a reference point to other documents which include the detailed policies and procedures behind these Financial Regulations.

1.1.2 The Financial Regulations apply to every elected member and officer of the County Council and, when stated, to third parties acting specifically on its behalf. The Regulations apply to all Norfolk County Council's financial arrangements, including joint committees, save where there is express agreement to the contrary.

1.2 Key Roles and Responsibilities

1.2.1 The Regulations identify the financial responsibilities of the County Council, its Committees, the Audit Committee, the Executive Director of Finance and Commercial Services and other Executive Directors.

1.2.2 All elected members and staff have a general responsibility for taking reasonable action to provide for the security of the County Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.

1.2.3 The Executive Director of Finance and Commercial Services is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes necessary to County Council for approval and at a minimum annually. Elected members are responsible for considering and approving the County Council's Financial Regulations and for satisfying themselves that they are sufficient to ensure sound financial management of the County Council's resources.

1.2.4 The Executive Director of Finance and Commercial Services is responsible for reporting, where appropriate, breaches of the Financial Regulations to the County Council, its Committees and the Audit Committee.

1.2.5 The Executive Director of Finance and Commercial Services is responsible for issuing advice and guidance on the operation of the Financial Regulations. The County Council's detailed 'Financial Procedures', which support these Regulations, are determined by the Executive Director of Finance and Commercial Services and set out how the Regulations will be implemented. Financial Procedures are described in separate guidance and have the same status as the Financial Regulations.

1.2.6 Executive Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the County Council's Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them at all times. They must ensure that all staff have access to, or the opportunity to access, these Regulations, Procedures and other regulatory documents published on the County Council's internet and intranet (iNet) pages.

1.2.7 The Executive Director of Finance and Commercial Services is responsible for ensuring that both elected members and officers are sufficiently competent, trained and informed regarding the financial affairs of the Council.

2. Financial Management

2.1 Introduction

2.1.1 Financial management covers all financial activities in relation to the running of the County Council, including the policy, framework and budget. In overall terms, elected members are responsible for agreeing the financial policy framework and officers are responsible for advising members, and for the operational delivery of financial processes in line with the agreed policy. The financial management responsibilities for particular members' groups and individual post-holders are detailed in this section.

2.2 The Council

2.2.1 The Council is responsible for adopting and changing the principles of governance and for approving or adopting the policy framework and budget within which the Committees operate.

2.2.2 The principles of decision making and the roles of the Leader and Committee Chairs are set out in Articles 5, 7 and 11 of the Norfolk County Council Constitution.

2.3 Service Committees

2.3.1 Policy and Resources Committee

The Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan, and coordinating all other service committees. It monitors performance, budget monitoring and risk. In addition, the Committee has responsibility for developing and monitoring corporate services including: finance and risk management, human resources and organisational development, legal, governance, communications and public affairs, and business continuity.

2.3.2 Adult Social Care Committee

The Adult Social Care Committee is responsible for the commissioning and quality standards of adult social care services for people in Norfolk. It incorporates all those services, from protection to residential care, that help people live fulfilling lives and stay as independent as possible. It oversees the protection of vulnerable adults. The specific functions are:

Adult Social Care
Support for Carers
Protection for Vulnerable Adults
Supporting People
Drug and Alcohol Commissioning

2.3.3 Children's Services Committee

The Children's Services Committee is responsible for services which help keep children and young people safe and fulfill their potential. It incorporates schools and social care for children and families. It has a particular focus on those children who are in care, and for whom the Council has corporate parenting responsibility. The specific functions are:

Early Years and Child Care
School Improvement
Additional Educational Needs
Child Protection
Children and Young People in Care
Fostering and Adoption
Youth Offending

2.3.4 Environment, Development and Transport Committee

The Environment, Development and Transport Committee is responsible for protecting and enhancing the environment. It also incorporates travel and transport services to help keep the county moving, and maintains and develops the highway network. The specific functions are:

Climate Change Mitigation and Adaptation
Flood and Water Management (including statutory scrutiny of flood risk management)
Ecology and Arboriculture
Countryside Access
Archaeology, Heritage and Landscape
Waste Management and Recycling
Transport Strategy / Highways Network / Passenger Transport
Planning and Development Strategy and Management

2.3.5 Communities Committee

The Communities Committee is responsible for those services which help build resilience in our communities and keep people safe. It focuses on how we engage with the public and how we make our services as customer friendly as possible. The specific functions are:

Cultural Services (including Libraries, Museums, Adult Education, Norfolk Records Service, Arts and Events)
Archive Centre
Norfolk Community Learning Service
Trading Standards
Public Health
Fire and Rescue
Emergency Planning and Community Resilience
Customer Services
Community Relations and Engagement
Active Norfolk
Registration Service

2.3.6 Business and Property Committee

The Business and Property Committee is responsible for promoting economic development and regeneration and associated activities. It incorporates focus on four broad areas: infrastructure, enterprise, skills and securing/managing external funds. It also has responsibility for the oversight and development of County Farms, a recognition of their importance in the rural economy. In addition, the Committee has responsibility for developing and monitoring property and asset management.

Its specific functions are:

Promoting economic growth and enterprise
Removing barriers to growth
Inward investment
Supporting the Council's role on the Local Enterprise Partnership (NALEP)
Unemployment issues
Oversight of Norfolk Infrastructure Fund and Norfolk Development Company
Promoting the rural economy
Oversight and development of County Farms
Property and asset management
Preparing the asset management plan

2.3.7 Digital Innovation and Efficiency Committee

The Digital Innovation and Efficiency Committee is responsible for ICT management and for delivering the Council's commitment to exploit digital technologies for the benefit of the County of Norfolk and all its residents.

Its specific functions are:

Political ownership of the Better Broadband for Norfolk project
Progression of a technologically driven customer services strategy across the Council's services, enabling personalisation, better access, channel shift and digital delivery models
Driving Norfolk's ambition to accelerate digital and mobile connectivity and lobby Government and commercial providers for 100% access to high speed broadband and 5G mobile phone coverage in Norfolk
Providing the political leadership for the reliable delivery of technology-driven efficiencies in the Council's operations and activities, i.e. mobile working

2.4 **Statutory Officers**

2.4.1 **The Head of Paid Service (Managing Director)**

The Head of Paid Service is the Managing Director. The Managing Director is accountable to the Council and Service Committees for the manner in which the discharge of the Council's functions is coordinated.

2.4.2 **The Monitoring Officer (Chief Legal Officer)**

The Monitoring Officer is responsible for maintaining an up-to-date version of the Constitution and contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee. He/she is also responsible, in conjunction with the Managing Director and the Executive Director of Finance and Commercial Services, for reporting to the Council or Service Committee if he/she considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered. The Monitoring Officer will also provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all members.

2.4.3 **The Chief Finance Officer (Executive Director of Finance and Commercial Services)**

The Council has designated the Executive Director of Finance and Commercial Services as the Chief Finance Officer. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151, Local Government Act 1972
- The Local Authorities Goods and Services Act 1970 and 1988
- Section 114, Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Acts 2000 and 2003
- The Accounts and Audit (England) Regulations 2015
- The Local Government Pension Scheme Regulations 1974 and 1997
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 1998
- The Localism Act 2011

There are other Statutory Officer roles as set out within the Constitution, these include: Executive Director of Children’s Services, Executive Director of Adult Social Services, Chief Fire Officer and Director of Public Health.

2.5 **The Money Laundering Reporting Officer**

The Chief Legal Officer is appointed as the Money Laundering Reporting Officer and the Practice Director, nplaw as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.

2.6 **Executive Director of Finance and Commercial Services**

2.6.1 The Executive Director of Finance and Commercial Services has statutory duties in relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden.

2.6.2 The Executive Director of Finance and Commercial Services is also subject to compliance with Statements of Professional Practice issued from time to time.

2.6.3 The role of Executive Director of Finance and Commercial Services complies with the principles in the CIPFA best practice statement on the "Role of the Chief Financial Officer in Local Government." This statement confirms that the Executive Director of Finance and Commercial Services is not only a servant of the Council, but also has a fiduciary responsibility to local taxpayers as a trustee of public monies.

2.6.4 The Executive Director of Finance and Commercial Services is responsible for:

- the proper administration of the County Council's financial affairs
- ensuring adherence to accounting standards
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management, including the level of balances, closure of accounts and statement of accounts
- setting the framework for reporting financial implications to each Service Committee
- providing financial information on the corporate position of the County Council
- providing financial advice and information on all the County Council's services
- preparing the overall revenue budget and capital programme, including the three-year rolling medium term financial strategy
- preparing the asset management plan
- reporting on the robustness of the estimates made for the purposes of budget calculations, and the adequacy of proposed financial reserves
- effective administration of the treasury management function and aspects of pension fund administration and investment
- preparing the prudential indicators and ensuring adherence to the authorised limits set by Council
- defining standards of financial administration and management throughout the County Council
- defining the competencies of finance employees and for the delivery of effective and appropriate training and development opportunities to those employees
- advising on the adequacy and effectiveness of internal systems of control and internal audit
- delivering appropriate financial training to members and non-financial staff

2.6.5 The Executive Director of Finance and Commercial Services has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to enable Finance Business Partners for each service to concurrently support the Executive Director of Finance and Commercial Services and their Service Executive Director on key financial matters. Finance Business Partners report to the Assistant Director Finance.

2.6.6 The Head of Profession role of the Executive Director of Finance and Commercial Services carries the statutory responsibility laid down by **Section 151 of the Local Government Act 1972** to "make arrangements for the proper administration of the County Council's financial affairs." The Assistant Director Finance performs the role of the Deputy Section 151 Officer.

2.6.7 **Section 114 of the Local Government Finance Act 1988** requires the Executive Director of Finance and Commercial Services to report to each member of the Council, and the External Auditor, if the County Council, a committee, or a joint committee on which the County Council is represented, or one of its officers:

- has made, or is about to make, a decision which involves the County Council incurring unlawful expenditure
- has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the County Council
- is about to make an unlawful entry in the County Council's accounts.

2.6.8 Details of the process which would be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 are set out in Annex B. Section 114 of the 1988 Act also requires:

- the Executive Director of Finance and Commercial Services to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114. The Assistant Director Finance is nominated to deputise for the Executive Director of Finance and Commercial Services.
- the Authority to provide the Executive Director of Finance and Commercial Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

2.6.9 The Executive Director of Finance and Commercial Services is responsible for ensuring that all services are appropriately supported by skilled finance professionals. The Executive Director of Finance and Commercial Services is assisted in providing strategic financial support to services by Finance Business Partners.

2.7 County Leadership Team

In addition to individual responsibilities the Managing Director and Executive Directors form the County Leadership Team, which, acting together and corporately is responsible for:

- Advising on draft financial policies for consideration by relevant Committees.
- Working closely with the relevant Committees in developing financial policies.
- Being the primary mechanism for collectively ensuring the delivery of the Council's corporate financial policies.

2.8 **Executive Directors**

2.8.1 Executive Directors are responsible:

- for ensuring that the Council is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance and Commercial Services;
- for consulting with the Executive Director of Finance and Commercial Services and seeking approval on any matter liable to materially affect the County Council's finances before any commitments are entered or incurred. This includes notification to the Executive Director of Finance and Commercial Services as soon as possible in the event of identification of overspending or of a shortfall in income against the budget approved by the Council; and
- for ensuring that budget monitoring is undertaken monthly, and that costs are contained within budget. In the event of identification of overspending or a shortfall in income against the budget, Executive Directors are responsible for ensuring that corrective action is managed in a rigorous manner.

2.8.2 Executive Directors should maintain a written record where decision-making has been delegated to members of their staff, including seconded staff.

2.8.3 Executive Directors' role includes working with outside bodies and accessing additional funds and resources to support the Council's programme of work.

2.9 **Other Financial Accountabilities**

2.9.1 Accounting Policies

The Executive Director of Finance and Commercial Services is responsible for ensuring appropriate accounting policies are in place and that they are applied consistently across the County Council.

2.9.2 Accounting Records and Returns

The Executive Director of Finance and Commercial Services is responsible for the accounting procedures and records for the County Council and must ensure that the financial accounts and financial records of the County Council comply with all accounting policies and standards where applicable and that these standards are applied consistently across the County Council.

2.9.3 Annual Statement of Accounts

The Executive Director of Finance and Commercial Services is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with proper practices as required by the Accounts and Audit Regulations 2015. Proper practices include the Code of Practice on Local Authority Accounting in the United Kingdom (the code) and relevant statutory provisions. Council has delegated responsibility for approving the annual Statement of Accounts to the Audit Committee.

3. Financial Planning

3.1 Introduction

3.1.1 The Executive Director of Finance and Commercial Services, in accordance with the strategies, policies and priorities of the County Council, is to be responsible for the proper administration of the financial affairs of the County Council, including multi-year financial planning and control.

3.2 Revenue Budget

3.2.1 The consolidated revenue budget is proposed by the Policy and Resources Committee, considering Service Committees' recommendations to Policy and Resources, and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by a committee, subject to the arrangements set out in paragraph 3.7.5 below.

3.3 Capital Budget

3.3.1 The capital budget is proposed by the Policy and Resources Committee and approved by the County Council considering Service Committees' recommendations. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and how the programme is to be funded and any impact on the revenue budget.

3.4 Medium Term Planning and Budget Preparation

3.4.1 The County Council is responsible for agreeing the Council's priorities. This sets the overall strategic framework for the County Council's services. The Medium Term Financial Strategy sets out the approach and financial context for the County Council. The Medium Term Financial Strategy also gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three-year balanced budget and agreeing the council tax precept for the following financial year at the February County Council meeting. Executive Directors are collectively responsible for developing a framework and timetable to deliver medium term planning requirements. This framework will include: review of the planning context and the forward budget planning forecast; service priorities and costs; and provide a structure incorporating the development of medium term service options including efficiencies, financial implications, risk impact and likelihood assessment; member engagement, public and stakeholder consultation and the decision-making process.

3.4.2 Policy and Resources Committee is responsible for providing guidance to Service Committees on the preparation of the budget in consultation with the Executive Director of Finance and Commercial Services. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the County Council's core roles
- all available resources including external funding and income
- fluctuations in demand, and inflation
- changes in grant funding
- best value
- government guidelines
- accounting standards
- the Prudential Code
- The County Council Plan
- Asset Management Plan
- Reserves, general and earmarked
- Arms' length bodies

It will also set out the minimum requirements for preparation of budget proposals including:

- option appraisal and use of whole life costing, comparing the relative costs of the options, over the life of the project. For example, whether to lease, purchase or new build;
- risk assessment and owner;
- equality and rural impact assessment, to ensure all the necessary key cross cutting issues are considered, including equality and sustainability; and
- Budget proposals pro-forma template to ensure that budget proposals are developed on a consistent basis by service committees.

3.4.3 The Executive Director of Finance and Commercial Services is responsible for ensuring that rolling three-year revenue and capital budget proposals are prepared on an annual basis for consideration by the Policy and Resources Committee. The Policy and Resources Committee is responsible for ensuring that the three-year revenue and capital budget proposals are robust and underpinned by an adequate level of reserves before submission to the County Council. The Policy and Resources Committee will publish to all County Council members each autumn the financial context for forward financial service planning, a review of the issues relating to the budget for the following financial year and a timetable for the preparation and approval of the budget. This timetable will take account of the need for discussion and review of the proposals by Service Committees and of the need for statutory and other consultation on the budget proposals.

3.4.4 It is the responsibility of Executive Directors to ensure that proposals are prepared in accordance with the guidance, to ensure that budgets are set on a sound financial basis and in accordance with best practice including ensuring that they have been risk assessed.

3.4.5 The Executive Director of Finance and Commercial Services is responsible for ensuring that proposals demonstrate adherence to the guidance and members should ensure that any proposed budget amendments are made available to the Executive

Director of Finance and Commercial Services at least five working days before the County Council budget meeting. Members' proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In accordance with established culture and practice, proposed budget amendments received in accordance with Financial Regulations will be published in advance of the County Council meeting at which they are to be discussed.

3.4.6 The County Council will consider the budget proposals and may adopt them, amend them or substitute its own proposals in their place prior to March 1st. The County Council will agree at least a three-year balanced budget and agree the precept for the following year.

3.5 **Asset Management Plan**

3.5.1 The ~~Corporate Property Officer (the Head of Property~~Corporate Property Officer (Head of Property)~~)~~ is responsible for ensuring an Asset Management Plan is prepared / updated / reviewed on an annual basis for consideration by the Business and Property Committee before submission to County Council.

3.6 **Decisions**

3.6.1 All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken. Decisions which commit the County Council to spending over £100m must be referred to Full Council.

3.6.2 The Terms of Reference of Committees set out within the Constitution (Part 4.1) confirm that Policy and Resources Committee is responsible for taking key decisions which incur significant expenditure or make significant savings, and decisions which have an impact on a significant proportion of Norfolk's residents. The Managing Director in consultation with the Chairman of the Policy and Resources Committee shall determine, in relation to any decision to be taken by another service committee under delegated authority, if that is a decision which may incur significant expenditure or make significant savings or may affect a significant proportion of Norfolk's residents and in such a case the decision shall be made by the Policy and Resources Committee in place of any other service committee.

3.7 **Budget Monitoring and Control**

3.7.1 The Executive Director of Finance and Commercial Services is responsible for monitoring income and expenditure against approved revenue and capital budget allocations and for reporting to the Policy and Resources Committee on the overall position monthly and to the other Service Committees on their budgets on a monthly basis.

3.7.2 The Executive Director of Finance and Commercial Services is responsible for monitoring the prudential indicators and reporting to the Policy and Resources Committee on the overall position monthly.

3.7.3 The Executive Director of Finance and Commercial Services is responsible for monitoring the cash flow of the County Council and ensuring this is used to inform borrowing and investment decisions.

3.7.4 It is the responsibility of Executive Directors to control income and expenditure within their area in accordance with the approved budget and to monitor performance, taking account of financial information provided by the Executive Director of Finance and Commercial Services. Executive Directors are responsible for alerting the Executive Director of Finance and Commercial Services and the relevant Chair of the Service Committee or Chair of Policy and Resources Committee, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the Council. If the overspending or shortfall in income cannot be accommodated within the service's budget this shall be reported to the Policy and Resources Committee.

3.7.5 Any policy proposal, which would have the effect of increasing a Service Committee's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service Committee's existing budget. Such proposals must be made available to the Executive Director of Finance and Commercial Services at least five working days before the meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In the event that the proposal falls outside the scope of the Policy Framework as set out in part 3.1 of the Constitution, it must be referred to Full Council for consideration.

3.7.6 Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement in consultation with the Executive Director of Finance and Commercial Services.

3.8 **Virement**

3.8.1 Virement is the process of transferring the budget expenditure or income, whether revenue or capital, from one approved budget head to another. The County Council is responsible for agreeing the overall procedures for the virement of budget and the approval of virements between committees. Executive Directors are responsible for agreeing in-year virements within delegated limits, in consultation with the Executive Director of Finance and Commercial Services where required. (The current approved procedures are shown in Annex A).

3.8.2 Schools are free to vire between budget heads in the expenditure of their budget shares but Governors are advised to establish criteria for virements and financial limits above which the approval of the Governors is required.

3.9 Treatment of Year-End Balances

3.9.1 Service Committees are required to report any under and overspendings to Policy and Resources Committee as part of year-end reporting. Policy and Resources Committee is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed taking into account the recommendations from Service Committees.

3.9.2 The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of revenue budget, revenue reserves and revenue grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Service Committees.

3.9.3 The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of capital budget, capital reserves and capital grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Service Committees. Any slippage on the capital programme will be carried forward to the next financial year and reported to Service Committees.

3.10 Maintenance of Reserves

3.10.1 It is the responsibility of the Executive Director of Finance and Commercial Services to review the Council's financial risks and planning assumptions and advise the Policy and Resources Committee and the County Council on prudent levels of reserves and of general balances as part of setting the budget. This advice needs to take account of relevant accounting standards and professional best practice as part of the Council's budget planning process and regular budget monitoring.

3.10.2 The annual revenue budget sets out details of the purpose for which earmarked reserves are held and high-level forecasts for the use of such reserves. The timing of the use of reserves may however be uncertain and the annual budget setting process therefore provides the framework in which the use of reserves is agreed. In agreeing the annual revenue budget, the Council is approving the use of reserves for the purposes for which they have been earmarked, and it is recognised that the timing of this use will be dependent on operational requirements and other factors.

3.10.3 Where it is proposed that reserves are to be used for a purpose other than that for which they have been earmarked, this will be subject to approval by Policy and Resources Committee in-year, based on the advice of the Executive Director of Finance and Commercial Services, with reference to a recommendation from the relevant Service Committee as appropriate in respect of service reserves. There is a general presumption that Policy and Resources Committee will normally approve recommendations for the use of earmarked reserves which are made by Service Committees, except where there are wider implications for financial control across the County Council, or delivery of the Council's budget plans. If the Executive Director of Finance and Commercial Services advises that a decision about the use of reserves may have broader implications, Policy and Resources Committee will recommend a course of action but refer the matter to be decided by the County Council.

4. Governance, Risk Management and Internal Control

4.1 Governance

4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually~~,~~ and ~~changes approved by the County Council and~~ published as Part 4.1~~Appendix 2 to~~ of the Constitution. Any changes are approved by the County Council. The composition is politically balanced and is reviewed at each appointment to the Committee.

4.1.2 Other member-led bodies that also have a role in governance and internal control include the County Council, the Constitution Advisory Group, and, with respect to members, the Standards Committee.

4.2 Internal Control and Internal Audit

4.2.1 Internal control refers to the systems of management and other controls put in place to ensure that the County Council's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and in a way which ensures that the County Council's assets and interests are safeguarded.

4.2.2 The Executive Director of Finance and Commercial Services is responsible for advising on adequate and effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant best practice.

4.2.3 It is the responsibility of Executive Directors, having regard to advice from the Executive Director of Finance and Commercial Services, to establish sound arrangements for internal control including planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.

4.2.4 The Accounts and Audit Regulations 2015 require the County Council to:

- undertake an adequate and effective internal audit;
- review the effectiveness of its internal audit, at least annually; and
- ensure the Audit Committee considers the findings of that review as part of its consideration of the system of internal control for the County Council.

4.2.5 The Leader of the Council and the Managing Director are responsible for signing the Annual Governance Statement that should be produced following an annual review of systems of internal control. The Annual Governance Statement is published with the annual Statement of Accounts.

4.3 Risk Management

4.3.1 The County Council, through the Policy and Resources Committee, is responsible for approving the County Council's Risk Management Policy and Framework, and ensuring that proper insurance exists where appropriate.

4.3.2 The Audit Committee is responsible for reviewing the effectiveness of the County Council's risk management arrangements. It will receive risk management reports at least four times a year and take appropriate action to ensure that corporate business risks are being actively and appropriately managed. Annually, it will report on risk management to the County Council.

4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council's risk management Policy and Framework, for promoting it throughout the County Council and for advising the Policy and Resources Committee on proper insurance cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register to each meeting of the Audit Committee, and ensure that Departments report their departmental risk register at least twice per annum to their respective Service Committee. In this way, Service Committees own and manage their service-specific risks.

4.4 External Audit

4.4.1 Public Sector Audit Appointments Limited (which replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by the Local Audit and Accountability Act 2014.

4.4.2 The County Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

4.4.3 External auditors have a responsibility to satisfy themselves that the County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Executive Director of Finance and Commercial Services, in conjunction with Executive Directors, must ensure that the organisation makes best use of resources and that taxpayers and / or service users receive value for money.

4.5 Anti-Fraud and Corruption

4.5.1 In managing its responsibilities, the County Council is determined to protect itself against fraud and corruption both from within the County Council and from outside. The County Council is committed to maintaining a strong anti-fraud and corruption culture through its Anti-Fraud and Corruption Strategy. This is designed to:

- Encourage prevention;
- Promote detection;
- Identify a clear pathway for investigation; and
- Fulfil the requirements of Section 17 of the Crime and Disorder Act 1998

4.5.2 The County Council expects members and staff at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices and internal controls including internal checks.

4.5.3 Executive Directors are responsible for ensuring that internal controls are such that fraud or corruption will be prevented, where possible, and the measures in the Anti-Fraud and Corruption Strategy are promoted.

4.5.4 Under the Anti-Fraud and Corruption Strategy, an Executive Director is required to immediately inform the Executive Director of Finance and Commercial Services of any financial irregularity or suspected financial irregularity.

4.5.5 The County Council expects that all who have dealings with it have a similar anti-fraud and corruption ethos and that they have no intent or actions with respect to fraud and corruption. (The County Council has issued guidance in "How to do business with Norfolk County Council" including whistleblowing, to support this).

4.6 **Money Laundering and Proceeds of Crime**

4.6.1 The County Council has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 and details can be found on the Norfolk Public Law (nplaw) pages of the County Council's Intranet site.

4.6.2 The County Council has nominated the Chief Legal Officer to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.

4.6.3 Executive Directors are responsible for ensuring that:

- all staff most likely to be exposed to, or suspicious of, money laundering situations are made aware of the requirements and obligations placed on the County Council and themselves by legislation;
- those staff considered most likely to encounter money laundering are given appropriate training (nplaw can provide relevant in-house training);
- departmental procedures are established to help forestall and prevent money laundering, including making arrangements for reporting concerns about money laundering to the MLRO; and
- periodic and regular assessments are undertaken of the risks of money laundering that may exist in their Departments.

4.7 **Treasury Management**

4.7.1 The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services and complies with the CIPFA Prudential Code when carrying out borrowing and investment activities under Part 1 of the Local Government Act 2003.

4.7.2 The County Council is responsible for the setting and revising of prudential indicators and for the approval of the Annual Investment and Treasury Strategy.

4.7.3 The County Council has delegated responsibility to the Executive Director of Finance and Commercial Services for the execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list. The counter party list contains details of those banks, building societies and other bodies that meet the County Council's criteria for investment. The Executive Director of Finance and Commercial Services has delegated authority to effect movement between the separately agreed limits for borrowing and other long-term liabilities reflected in the Prudential Code's operational and authorised limits. The Executive Director of Finance and Commercial Services is required to act in accordance with the County Council's Treasury Management Policy Statement and Treasury Management Practices and CIPFA's Standards of Professional Practice on Treasury Management in accordance with external advice.

4.7.4 The Executive Director of Finance and Commercial Services will prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close. In addition, the Executive Director of Finance and Commercial Services will regularly report to the Treasury Management Panel and the Policy and Resources Committee on treasury management policies, practices, activities and performance monitoring information.

4.7.5 The Executive Director of Finance and Commercial Services is responsible for:

- monitoring performance against prudential indicators, including reporting significant deviations to the Policy and Resources Committee and County Council as appropriate.
- ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
- ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.
- the provision and management of all banking services and facilities to the County Council.

4.8 Norfolk Pension Fund

4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, with its own regulator (the Ministry of Housing, Communities and Local Government), ~~Department of Communities and Local Government),~~ which is administered locally.

4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund, and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme.

4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme to the Pensions Committee who act~~, including admitted bodies which acts~~ as quasi-trustee of the Fund.

4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account.

4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities.

4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018.

4.8.7 In order to facilitate the pooling of assets, the Norfolk Pension Fund has entered into an Inter-Authority Agreement with 10 other Administering Authorities, collectively known as the ACCESS (A Collaboration of Central, Eastern & Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex.

~~4.8.6~~4.8.8 The Pensions Committee is also responsible for the appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund.

~~4.8.7~~4.8.9 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund statutory accounts and annual report.~~ and the statement of accounts.~~ The County Council delegates responsibility for the approval of the annual Pension Fund statutory accounts to the Audit Committee.

4.8.10 The Norfolk Pension Fund has adopted an Investment Strategy Statement (formerly the Statement of Investment Principles) in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Investment Strategy Statement.

4.8.11 The Pension Fund maintains a Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Pension Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders and to this end publishes and maintains a Customer Care and Communication Strategy Statement and a Governance Statement.

~~4.8.8 The Executive Director of Finance and Commercial Services is custodian of the Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Executive Director of~~

~~Finance and Commercial Services is also the custodian of the Fund's Communication Strategy, which details the communication needs of its stakeholders.~~

4.8.12 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.

4.8.13 In line with all public service pension schemes, LGPS Funds are required to have a local Pensions Board. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice on Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. In Norfolk the local pension board is known as the Pensions Oversight Board and is made up of scheme member and scheme employer representatives with an independent chair.

5. Assets, Systems, Processes and Records

5.1 Introduction

5.1.1 Robust systems and procedures are essential to an effective framework of accountability and control.

5.2 Data Management

5.2.1 The County Leadership Team is responsible for ensuring that policies and procedures are in place to enable management of data to support effective decision-making.

5.2.2 It is the responsibility of the Executive Director to ensure data management policies are understood and used effectively within their services.

5.3 Financial Processes and General Data Protection Regulations

5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems.

5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the General Data Protection Regulation 2018~~Data Protection Act 1998~~ and that all staff are aware of their responsibilities under the Act and advice from the Information Commissioner.

5.3.3 Executive Directors must ensure that all staff are aware of their responsibilities under Freedom of Information legislation, and that procedures are in place to ensure compliance.

5.3.4 Executive Directors must ensure that all staff are aware of their responsibilities under the Code of recommended practice for local authorities on data transparency. These include:

- The requirement to maintain an inventory of data sets.
- The general requirement that, where data is published, it should be in a non-proprietary format and published in a timely fashion.
- The requirement to publish certain, specified data sets.

5.3.5 To ensure that open data which is published corporately is accurate and complete, Executive Directors must ensure that:

- All contracts over £50,000 are registered on the corporate contracts register maintained by the procurement team.
- All goods and services are ordered via one of the council's electronic ordering systems (for general purposes, Oracle iProcurement).

- All goods and services are ordered in advance and purchase order descriptions are accurate and complete.
- All changes of structure are notified to HR.

5.4 **Schemes of Authorisation and Financial Responsibility**

5.4.1 It is the responsibility of Executive Directors to ensure that the scheme of authorisation and financial responsibility is implemented using Budget Manager and is operating effectively. The scheme of authorisation and financial responsibility identifies staff authorised to act on the Executive Director's behalf, or on behalf of the Council, in respect of payments, income collection and procurement (including ordering). Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of authorisation and financial responsibility.

~~5.4.2~~1.1.1 ~~Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.~~

5.5 **Income**

5.5.1 The Executive Director of Finance and Commercial Services is responsible for the provision and management of all income collection arrangements for the County Council.

5.5.2 Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.

5.6 **Payments to Employees, Third Parties and Members**

5.6.1 Except for schools, the Executive Director of Finance and Commercial Services is responsible for all payments of salaries and wages to all staff, including payments for overtime, goods and services provided, and for the payment of allowances to elected members. Schools have delegated responsibility under the LMS scheme.

5.7 **Taxation**

5.7.1 The Executive Director of Finance and Commercial Services is responsible for advising Executive Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues, including VAT, that affect the County Council.

5.7.2 The Executive Director of Finance and Commercial Services is responsible for maintaining the County Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

5.8 **Trading Accounts**

5.8.1 Policy and Resources Committee must approve the establishment of all Trading Accounts. Trading Accounts are required for all services that provide goods or services to a third party on a traded basis or where the organisation has identified that a service should operate as a separate trading unit.

5.8.2 The Executive Director of Finance and Commercial Services is responsible for the form of the trading accounts included in the Trading Framework document. Executive Directors are responsible for reporting on the activities of any trading organisation within their respective areas of service, taking account of current accounting standards and best practice in reporting.

5.9 **Monitoring Reporting**

5.9.1 Executive Directors are responsible for ensuring that monthly budget monitoring reports for both revenue and capital expenditure and income are produced for their respective areas of service. The Executive Director of Finance and Commercial Services is responsible for regularly reporting the details (including compliance with the Prudential Code) to Policy and Resources Committee.

5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement in consultation with the Executive Director of Finance and Commercial Services.

5.10 **Companies, Trusts and Charities**

5.10.1 Policy and Resources Committee is responsible for:

- Approving the establishment and viability (including the business case) of all new companies, trusts and charities.
- Approving investments in other companies, trusts and charities, in which the County Council has a financial interest except where the investment is within criteria Policy and Resources Committee has previously delegated to an Executive Director.
- Taking decisions as shareholder and sole trustee where appropriate.
- Monitoring and receiving reports on the County Council's companies.

5.10.2 Executive Directors are responsible for informing the Chief Legal Officer and Executive Director of Finance and Commercial Services of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company, trust or charity are considered.

5.10.3 Executive Directors are also responsible for ensuring tight controls are in place for the financial management of loan and guarantor arrangements with Norfolk County Council owned companies. This includes ensuring the Executive Director of Finance and Commercial Services is presented with robust business cases and signed loan agreements.

5.10.4 The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of such entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.

5.10.5 All relevant companies must have their accounts incorporated and consolidated within the County Council's financial accounts in accordance with proper accounting standards and best financial practice. The Executive Director of Finance and Commercial Services is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.

5.10.6 The appointment of directors to companies, trusts and charities in which the County Council has an interest must be made by County Council, having regard to the advice of the Executive Director of Finance and Commercial Services. The directors will then have a statutory duty to the company, trust or charity and must therefore act in accordance with the Companies and / or Charities Act where applicable.

5.10.7 The Executive Director of Finance and Commercial Services and Chief Legal Officer should be contacted for assistance at an early stage to discuss the proposals.

5.11 Early payments and loans to suppliers and service providers

5.11.1 In the normal course of business, the County Council may on occasion make **early payments** (in advance of contractual payment terms) to support suppliers or service providers experiencing cash flow difficulties. Early payments will be made on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall value of the contract and the implications of any failure of service provision. Payments in these circumstances will be agreed by the relevant Finance Business Partner for the service area, with notification provided to the Executive Director of Finance and Commercial Services and / or Assistant Director of Finance. In marginal cases, or where there is doubt about the ongoing viability of a supplier, it may be appropriate to undertake a Financial Assessment of the supplier before any early payment is agreed. Early payments will normally be recovered through an adjustment to subsequent contractual payments, and the arrangements for repayment terms **must** be agreed before any early payment is made.

5.11.2 **Loans** may be made in exceptional circumstances outside of contractual agreements or where no contract or payment relationship exists. This has the potential to arise (for example) in the context of a third-party organisation experiencing financial difficulty, where the failure of the third party would significantly impact upon services the Council provides or is responsible for. Loans will be considered on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall level of the loan and the implications of any failure of service provision. Loans in this context would be intended generally for short term cash flow purposes and to ensure the continuity of a service, or to avoid additional costs arising from any provider failure, although it is recognised that other circumstances necessitating a loan may also arise and this list is not comprehensive.

5.11.3 The Executive Director of Finance and Commercial Services has discretion to consider making a short-term loan in the above circumstances, whilst also considering:

- the ability of the loan recipient to repay and the provision of a robust plan to demonstrate how the situation which gave rise to the need for a loan will be resolved (it is also likely that a Financial Assessment of the recipient will be required);
- any potential state aid issues, particularly in respect of determining an appropriate interest rate for the loan, which should be set with reference to the published margin tables; and
- the duration and value of the loan sought.

5.11.4 Loans will be requested through the relevant Finance Business Partner for the service area, in consultation with the Executive Director for the service. Loans will not be made until they have been approved by the Executive Director of Finance and Commercial Services, or the Assistant Director of Finance, following consultation with the Leader and / or Deputy Leader in the case of a loan over £50,000 and / or for a loan period in excess of six months.

5.11.5 Loans may be repaid either by instalment or as a lump-sum. The terms of the loan, including arrangements for repayment, must be agreed and a loan agreement signed by both parties before any loan can be made. The service area initiating the loan will be required to identify a cost centre which will bear the cost of the loan in the event of a failure by the loan recipient to make repayments as agreed. The Executive Director for the service should consider the need to make the relevant Committee Chair aware of this potential cost to the Committee budget.

5.12 Contract Standing Orders

5.12.1 Executive Directors are responsible for ensuring that the procurement of all goods, works and services is undertaken in accordance with the Council's Contract Standing Orders.

5.12.2 Contract Standing Orders form part of the County Council's Constitution and are the rules that govern how procurement will be undertaken by the Council, and what processes must be followed.

5.12.3 Any contract with a value exceeding £30,000 entered on behalf of the Council must be made in writing. Such contracts must either be signed by at least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.

5.13 **Assets**

5.13.1 Executive Directors should ensure that records of assets are properly maintained and securely held (in practice property asset records are kept by the Corporate Property Team on behalf of Executive Directors). Executive Directors should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

5.13.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to Business and Property Committee for determination.

5.13.3 Disposal must be made by competitive process unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.

5.13.4 All property disposals (including lease surrenders/assignments), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer (Head of Property)~~Corporate Property Officer~~. In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the ~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~. The Council's named and designated ~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer (the Head of Property)~~ may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at 5.13.6 and 5.13.7 below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Part 6.2 of the Constitution).

5.13.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to the Business and Property Committee to confirm its status as a surplus asset to be disposed of and/or exploited for income purposes.

5.13.6 The disposal of surplus assets will be undertaken as follows:

Property		Other Assets	
Disposal value* £m	**Responsibility and authorisation**	**Disposal value* £m**	**Responsibility and authorisation**
Above £0.500m (unless disposal specifically agreed within the annual budget-setting process)	Business and Property Committee	Above £0.500m	Business and Property Committee
£0.025m up to and including £0.500m	~~Corporate Property Officer~~Corporate Property Officer (Head of Property) in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee	£0.250m up to and including £0.500m	Executive Director in consultation with Executive Director of Finance and Commercial Services
Up to £0.025m	~~Corporate Property Officer~~Corporate Property Officer (Head of Property)	Up to £0.250m	Executive Director
All disposals at less than best consideration (irrespective of value)	Business and Property Committee	All disposals at less than best consideration (irrespective of value)	Business and Property Committee
Leases**			
Operational properties – lease out or lease out renewals at a rent of £25,000 or more per annum, or the term is for 10 years or more	Business and Property Committee		
Operational properties – lease out or lease out renewals at a rent below £25,000 per annum, and the term is for less than 10 years	~~Corporate Property Officer~~Corporate Property Officer (Head of Property)		

Commercial properties – lease out or lease out renewals at a rent of £50,000 or more per annum, or the term is for 10 years or more	Business and Property Committee		
Commercial properties – lease out or lease out renewals at a rent below £50,000 per annum, and the term is for less than10 years	~~Corporate Property Officer~~Corporate Property Officer (Head of Property) in consultation with the Executive Director of Finance and Commercial Services		
Farm Business Tenancies			
Farm business tenancies or renewals at a rent of £50,000 or more per annum, or the term is for 10 years or more	Business and Property Committee		
Farm business tenancies or renewals at a rent below £50,000 per annum, and the term is for less than10 years	~~Corporate Property Officer~~Corporate Property Officer (Head of Property) in consultation with the Executive Director of Finance and Commercial Services and Chair of Business and Property Committee		
Other Property Transactions			
Granting of all licenses, easements and wayleaves to statutory undertakers, tenancies at will	~~Corporate Property Officer~~Corporate Property Officer (Head of Property)		

* Disposal value in this table refers to the valuation of the asset, irrespective of the consideration to be received.
** For the purposes of leases, a distinction is made between the Operational Property Estate and the Commercial Property Estate as follows:

Operational Estate:
The operational estate relates to those property assets used principally for service delivery. At times parts of the operational estate may temporarily not be required for service delivery but are retained where there will be a future use. An example could be an office building. In addition, parts of the estate are let out to support service delivery by a third party on the council's behalf, for example a depot. In these instances, the asset would be let to derive an income.

Commercial Estate:
The council holds some assets for economic development reasons (investment properties), which are let out to businesses to support the policies and aims of economic development as well as deriving a rental income. In this situation, the ebb and flow of leases requires commercial agility to be able to react to market demands. To support this requires the ~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~ to be able to agree terms of a lease quickly as circumstances dictate.

5.13.7 Acquisitions of assets will be undertaken as follows:

Property		Other Assets	
Acquisition value £m	**Responsibility and authorisation**	**Acquisition value £m**	**Responsibility and authorisation**
Above £0.250m	Business and Property Committee	Above £0.250m	Business and Property Committee
£0.025m up to and including £0.250m	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~ in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee	Below £0.250m	Executive Director
Below £0.025m	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~		
Leases			
Lease acquisitions and renewals where the proposed rental is £25,000 or more per annum, or the term of the lease or renewal is for ten or more years	Business and Property Committee		
Lease acquisitions and renewals where the proposed rental is below £25,000 per annum, and the term of the lease or renewal is for less than ten years	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~		
Lease acquisitions, lease renewals and wayleaves where	~~Corporate Property~~Corporate Property Officer		

they apply to standard statutory obligations / undertakings for the installation of plant and equipment by statutory undertakers	(Head of Property) ~~Officer~~		
Other Property Transactions			
Acquiring licenses not exceeding one year	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~		

5.13.8 The government has consulted on regulations (the proposed Local Authorities (Functions and Responsibilities) (England) Regulations 2015) which would require any decision to dispose of land and buildings with a value above £500,000 to be agreed by the Full Council. The regulations above show the responsibility is with Business and Property Committee pending the outcome of the consultation. As at August 2017 these have not yet been enacted. If enacted, the following thresholds would apply:

Disposal value	**Responsibility and authorisation for land and buildings**
Up to £0.025m	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~
Between £0.025m up to but not including 0.500m	~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~ in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee.
£0.500m or above and all disposals at less than best consideration (irrespective of value)	Full Council

5.13.9 The County Council has an aspiration to at least maintain the size of its current County Farms estate, under the County Farms policy agreed by the County Council in October 2014. To that end any capital receipts from the sale of County Farm land will be treated in the following way:

For all County Farms land that is sold:

- If it is sold as **agricultural land**, 100% of the capital receipt will be hypothecated towards further acquisitions of County Farm land / capital improvements to the County Farm estate that produce a revenue uplift.

- If it is sold as **residential/development** land:

- A valuation will be undertaken to establish the value of the land, should it have been sold without planning permission. That value will then be hypothecated towards further County Farm acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
- The balance of the sale value will be split:
    - 65% towards general capital receipts to be utilised by the Council for any purpose.
    - 35% will be put into a reserve for the use of County Farms for further acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
    - If this reserve reaches £3m in value then any additional receipts will be made available for general Council use for any purpose.

5.14 **Retention of Financial Records**

5.14.1 The County Council has a specific policy in place on the minimum retention periods for financial records and these periods are set out in the corporate records retention and disposal scheme. Executive Directors should ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

6. External Arrangements

6.1 Introduction

6.1.1 Where the County Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance and Commercial Services must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.

6.2 Partnerships

6.2.1 The County Council has formal representation on many external boards.

6.2.2 Separate governance arrangements will exist for external boards / partnerships / joint ventures and decisions taken by Council members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.

6.2.3 The Executive Director of Finance and Commercial Services must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures, as defined within Financial Procedures, are satisfactory. The Executive Director of Finance and Commercial Services and Chief Legal Officer must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.2.4 Executive Directors are responsible, in consultation with the Executive Director of Finance and Commercial Services and Chief Legal Officer, for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. They should also ensure that the risks identified above are mitigated where possible.

6.3 External Funding

6.3.1 The Executive Director of Finance and Commercial Services is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. Executive Directors are responsible for ensuring that the Executive Director of Finance and Commercial Services is notified of external funding bids at an early stage.

6.4 Financial Guarantees

6.4.1 Executive Directors must inform the Executive Director of Finance and Commercial Services of all proposals that may require a financial guarantee prior to implementation.

6.4.2 The Executive Director of Finance and Commercial Services is responsible for ensuring that any proposed financial guarantee requirement is within the powers of the County Council and shall consult with the Chief Legal Officer as appropriate.

6.4.3 Requirements for suppliers to provide the County Council with either bonds or guarantees shall be agreed with the ~~Corporate Property~~Corporate Property Officer (Head of Property) ~~Officer~~ (for property contracts) or the Head of Procurement (for other contracts)

6.5 **Work for Third Parties**

6.5.1 The Policy and Resources Committee is responsible for approving the contractual arrangements for any work for third parties or external bodies, not already covered by the Scheme of Authorisation to Executive Directors.

6.6 **State Aid and Competition**

6.6.1 Executive Directors are responsible for ensuring that any payments made by their department do not constitute State Aid or breach rules on competition. State Aid (which is governed by EU regulations) is the illegal subsidy of commercial activity from public funds, and could arise, for example, from the following:

- Cheap loans
- Grant funding
- Sharing staff, equipment or accommodation (particularly with wholly owned companies)
- Waiver of deductions due on contracts.

6.6.2 If an Executive Director is unsure as to whether a payment would constitute State Aid or anticompetitive practice, the advice of the Executive Director of Finance and Commercial Services should be sought in consultation with the Chief Legal Officer where appropriate.

6.7 **Private Finance 2 (PF2)**

6.7.1 Executive Directors considering PF2 projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission to the Council or Service Committee (Service Committee if less than £100m).

6.7.2 Council / Committee is responsible for approving PF2 projects at all key stages. The Executive Director is responsible for ensuring that such approvals are sought and obtained from Council / Committee in a timely manner following recommendation by the Project Board, in accordance with the approved PF2 process.

6.7.3 The Executive Director of Finance and Commercial Services is responsible for:

- ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- ensuring that the necessary banking arrangements are available in time for the project to commence

- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
- ensuring that the financial implications of all PF2 projects are incorporated in financial planning.

6.7.4 Executive Directors are responsible for:

- preparing a business case for submission to Council / Committee prior to commencing the procurement process
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates for both the capital and revenue expenditure are carefully made and reviewed to ensure that they are robust before seeking formal approval from Council / Committee
- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment
- informing the Executive Director of Finance and Commercial Services of any matter that may lead to termination under the contract. Policy and Resources Committee is required to approve termination of a contract by use of the Authority Default provisions
- fully considering the risks associated with undertaking a PF2 project and reporting them to Policy and Resources Committee when they are considering the approval of a PF2 project
- ensuring that any dedicated bank accounts necessary to enable their projects to function efficiently are set up and properly operated

6.7.5 Executive Directors are responsible for ensuring that deductions required to the unitary payment for the unavailability of the contracted service or a performance shortfall are made in full in a timely manner. If another service or asset is proposed in exchange for foregoing such deductions, the Executive Director of Finance and Commercial Services is responsible for ensuring that the alternative proposal has a value equal to the foregone deductions.

6.7.6 Where the County Council has the right to make a deduction under the contract, any waiver of the deduction shall be treated as a write-off of debt, and shall be covered by the Council's Debt Recovery procedure. When considering the thresholds for approval of the write off, all deductions due in a financial year should be aggregated together.

6.7.7 Private Finance transactions contain complex financial arrangements including (usually) a Funder's Direct Agreement that can obligate the County Council to take over the responsibility for the Contractor's debt in the event of Authority or Contractor default. It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding these arrangements and of any material financial matters. It is the responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

Annex A

Norfolk County Council's Scheme of Virement

Background

1. The scheme of virement is intended to enable Committees, Executive Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.

2. The scheme is administered by the Executive Director of Finance and Commercial Services within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.

3. The overall budget is approved by the County Council. Executive Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure – both revenue and capital. For the purposes of this scheme, a budget head is considered to be the subdivision of service budgets as reported in the service commentaries within the medium term financial plan. Virement does not include the switching of resources between revenue and capital.

4. Virement does not create additional overall budget liability. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full- year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.

5. The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If an Executive Director wishes to transfer funding from a block allocation and use it for a different purpose, for example, the transfer of purchase of care from one client group to a different client group, the rules below will apply.

Revenue

6. County Council is responsible for agreeing virement between services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000.

7. Policy and Resources Committee is responsible for agreeing virement between services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service committee(s) concerned.

8. County Council is also responsible for agreeing virements between budget heads defined in 3 above – within services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools.

9. All other virements are the responsibility of Executive Directors, subject to consultation with the Chair of the appropriate Committee and the agreement of the Executive Director of Finance and Commercial Services.

10. Executive Directors may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

Capital

11. County Council is responsible for agreeing virements between services and schemes (as shown in the Capital Budget document produced by the Executive Director of Finance and Commercial Services.

12. County Council is also responsible for agreeing virements greater than £250,000 within services or schemes (as defined above).

13. All other virements are the responsibility of Executive Directors, subject to consultation with the appropriate Committee Chair and the agreement of the Executive Director of Finance and Commercial Services and subject to the service's overall financial provision for capital spending not being exceeded in the current and future years.

Annex B

Norfolk County Council process for the issue of a report under Section 114 of the Local Government Finance Act 1988

Background

1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Chief Legal Officer) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. The Executive Director of Finance and Commercial Services takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if possible.

2. The Executive Director of Finance and Commercial Services has a duty to report to the authority if they believe:

   - that a decision involves, or would involve, unlawful expenditure (114 (2) (a));
   - a course of action is unlawful and is likely to cause a loss or deficiency (114 (2) (b));
   - an entry of account is unlawful (114 (2) (c)).

3. In such circumstances, the Executive Director of Finance and Commercial Services is required to make a report to the authority and send a copy to every member and the external auditor. The full council must consider the report within 21 days and the action to which the report relates must not be pursued until this has taken place. Full council must decide whether it agrees or disagrees with the report and determine the action it proposes to take.

4. The Executive Director of Finance and Commercial Services is also required to inform the authority in the event they believe that expenditure is likely to exceed available resources (114 (3)). The authority then may not enter into agreements incurring expenditure until the report has been considered by the full council.

5. Information leading to the preparation of a section 114 report might arise from a council officer (including a member of the Finance and Commercial Services department), a member of the council, the public, or from the authority's auditors. Members and officers should note that it is the Executive Director of Finance and Commercial Services' duty to investigate possible issues which might lead to a formal report. The statutory duty to make a report rests with the Executive Director of Finance and Commercial Services.

6. A report made under section 114 (2) requires the Executive Director of Finance and Commercial Services to make a judgement that a decision or course of action is unlawful. Such a decision will only be made after consultation with the Chief Legal Officer (Monitoring Officer). A report made under section 114 (3) relates to a financial judgement which may be reached by the Executive Director of Finance and Commercial Services alone, although consultation with the Managing Director (Head of Paid Service) and Chief Legal Officer (Monitoring Officer) is still required in case other corporate and legal issues arise as a result of the report.

7. These Financial Regulations adopt the recommendations of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, where further information about the issuing of a section 114 report can be found.

Section 114 Process

8. The process for the issuing of a report under section 114 (2) in relation to an unlawful decision or course of action (either retrospective or potential) is as follows:

Executive Director of Finance and Commercial Services consults with Chief Legal Officer (Monitoring Officer) to determine whether an action or proposed action was or will be unlawful

↓

Consult with Managing Director (Head of Paid Service)

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In the event of disagreement or doubt, Chief Legal Officer to seek opinion of counsel

↓

Following confirmation that an action would be unlawful, a prospective **action may be halted** at this stage through management action. In such an event, no further action or report would be required

↓

In the case of an **event which has already occurred, or where it is not possible to stop** the course of action, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988

↓

Report agreed with Managing Director and Chief Legal Officer (consultation with counsel if required)

↓

Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting which will consider it. Proof of sending should be retained

↓

From the date of issue a **prohibition period** begins (the action may not be progressed). Within 21 days the Full Council must meet to consider the report. The Proper Officer (Managing Director) notifies the External Auditor of the date, time and place of the meeting

↓

Full Council may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Proper Officer (Managing Director) notifies the External Auditor of the outcome**

9. The process for the issuing of a report under section 114 (3) in relation to an unbalanced budget position is as follows:

Executive Director of Finance and Commercial Services identifies that **Capital or Revenue expenditure exceeds likely resources** (either for current or future year)

↓

Consult with Managing Director (Head of Paid Service) and **seek corrective action** for the relevant year. Executive Director of Finance and Commercial Services considers need for **informal consultation with Internal and External Auditor**

↓

In the event that **corrective action is succesful**, no further action or report would be required

↓

In the **event that the corrective action is not succesful**, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988

↓

Consultation about report with Managing Director and Chief Legal Officer (Monitoring Officer)

↓

Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting which will consider it. Proof of sending should be retained

↓

From the date of issue a **prohibition period** begins (no new expenditure may be undertaken). All budget holders (including schools) must be notified of restrictions. Within 21 days the Full Council must meet to consider the report. The Proper Officer (Managing Director) notifies the External Auditor of the date, time and place of the meeting

↓

Full Council may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Proper Officer (Managing Director) notifies the External Auditor of the outcome**

Exceptions and other considerations

10. There are a number of circumstances which would not necessarily result in the preparation of a section 114 report. These include:

- Emerging matters or a developing situation. This would include occasions where a view is requested on a proposal which may be under consideration but which if pursued could result in a reportable matter. A simple preliminary request would not give rise to a need to report, although any further developments would need to be monitored.
- Items of trivial expenditure or loss of income.
- Cases of discovered fraud (which may in any case lead to criminal prosecution) would not normally result in a requirement for a section 114 report, but will be dealt with under the Council's existing Anti-Fraud and Corruption Strategy, as referenced elsewhere within the Financial Regulations.
- A committee overspend in and of itself is unlikely to give rise to a section 114 report, which would only be required where the Council's total resources are likely to fall short of expenditure and the Executive Director of Finance and Commercial Services judges that there is no reasonable prospect of the position being resolved or mitigated.

11. The above list is not exhaustive. In these and similar circumstances, the Executive Director of Finance will give consideration to the need for a report under section 114, in consultation with other officers as required.

12. In the case of a developing situation, careful consideration will need to be given to the timing of any report, in particular to distinguish between an emerging situation and an actual one. Every reasonable action will be taken to avoid the need for a section 114 report by providing timely financial advice including alternative options to avoid an emerging reportable situation from ultimately arising.

Further action

13. The Executive Director of Finance and Commercial Services' statutory duties under section 114 are discharged once a report has been issued to Full Council. In the event that Full Council does not agree with a report issued under section 114, it is likely that any further formal action would be taken by the External Auditor through the issue of an advisory notice under section 29 (schedule 8) of the Local Audit and Accountability Act 2014 or by applying to the court for a declaration under section 31 of the above Act.

Constitution Advisory Group

Item No……

Report title:	**CES – Trading Standards – Addition to Part 6.2 – Scheme of Delegated Powers to Officers**
Date of meeting:	**4 September 2018**

Executive summary

An amendment to Part 6.2 of the Constitution – Scheme of Delegated Powers to Officers – is proposed. This relates to the provision of the Trading Standards Service.

Recommendation:

- **To amend Part 6.2 of the Constitution to include the additional provision as set out in this report.**

1. Proposed change

1.1 Officers in the Community and Environmental Services Directorate, Trading Standards Service, have requested an addition to the Scheme of Delegated Powers to Officers. The addition is to ensure that all of the relevant provisions included in The Disease Control (England) Order 2003 are reflected; this Order was amended and, subject to Members agreement, there is a need to reflect these changes in the Scheme to ensure that Trading Standards Officers can carry out the full range of licencing activities set out in legislation. In particular, this relates to the work of the Trading Standards' Animal Health and Welfare Officers.

1.2 As the proposal is to introduce additional provision into the Scheme, this requires the approval of Members.

1.3 The proposal is to add the following to Part B – Officers Scheme of Delegated Powers – for the Executive Director of Community and Environmental Services on Page 10:

(47) To licence the movement of animals, where such movements would otherwise be allowed under general licence, in an instance where the ability of livestock keeper to use the general licence has been removed.

1.4 In terms of further delegation, the Executive Director is satisfied to extend this specific delegation to Scale M and above graded officers (within the relevant service). If the addition is agreed by Members, this amendment will also be made (page 30).

Officer Contact

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APPENDIX D TO POLICY AND RESOURCES COMMITTEE REPORT

Constitution Advisory Group

Item No……

Report title:	**Appointment of Senior Officers**
Date of meeting:	**4 September 2018**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

This report is provided in response to a full council resolution to make changes to the Officer Employment Procedure Rules.

The delivery of Norfolk County Council's priorities relies on successfully recruiting, developing, motivating and inspiring Officers to deliver strong managerial leadership and direction to implement organisational improvement. (Article 8 of the Constitution).

Executive summary

The recent full council reviewed Officer Employment Procedure Rules and resolved to:

• **Agree** that the position of Head of Communications is included in the list set out in Part A of the Appendix to Part 6 of the Constitution (Senior Officers which will be appointed by a Member Panel).

• **Agree** that the Constitution Advisory Group (CAG) should consider if there are any other Senior Officer positions that need to be added to the list of appointments which are made by a Member Panel.

1. Proposal (or options)

- Consider whether the current list of Officer roles defined as "Senior Officers "and therefore appointable by a Member Panel is fit for purpose and in the spirit of the regulations (now including the Head of Communications).
- Additionally, consider how to strengthen the involvement and contribution of members to the recruitment and selection process for Tier 3 posts which have a service or professional lead accountability. This proposal would seek to ensure engagement through the selection stages and a close engagement between the Chief Officer responsible for the appointment and the key member/s to ensure that full contribution and input to the decision-making process is enabled. Ultimately there is an argument that the Executive Director with accountability (including statutory accountability) needs to be held to account for recruitment decisions, together with the Head of Paid Service, who has accountability for operational decision making for the Authority.

2. Background and Evidence

The review in 2016 considered all the relevant regulations and this was validated with the LGA and NPLAW and considered robust. In addition to the provisions of the Constitution, reference must be made to the relevant legislation which defines the terminology used in the Constitution. A summary of our interpretation is provided below:

Appointments may be made by Members (but they could be delegated to officers) to the following posts: Statutory Chief Officers	• Head of Paid Service • Director of Children's Services • Director of Adult Social Services • Chief Fire Officer • Director of Public Health • Chief Finance Officer (the section 151 officer)	In NCC these are: • Managing Director • Exec Director Childrens • Exec Director Adults • Chief Fire Officer • Director Public Health • Exec Director Finance &CS
Non-statutory Chief Officers	Any other post accountable directly to the Head of Paid Service (apart from secretarial etc)	• Exec Director CES • Strategy Director • Chief Legal Officer
Deputy Chief Officer	Any post reporting to a Statutory or Non-statutory Chief Officer (apart from secretarial etc)	We do not recognise the designation of Deputy Chief Officers – our organisation is based on Directors/head of service/professional leads. In 2016, the following were included in member appointments: • Head of Democratic Services • Head of ICT • Head of Procurement
Political Assistants		

Appointments to any other posts **cannot** be made by Members under the regulations.

There are no standard or generally-agreed criteria to guide us as to which posts should/should not appointed by Members that we can ascertain.

In 2016 we reduced the number of posts appointed by members. At that time ALL tier 1-3 posts were subject to member appointment. There was debate at that time, and the consensus was that the number of posts appointed by Members should be no more than necessary, for several reasons:

- the spirit of the regulations is to limit Members' involvement in officer appointments. In fact, the regulations do not require that Members appoint any officer. Any appointment can be delegated to officers
- excessive demands on Members' time
- risk that appointments may become politicised, with Group views emerging as to preferred candidates and favouring internal candidates who are known to members already

- members are responsible for policy, officers for delivery, so Chief Officers and the Managing Director should be responsible for appointing the senior officers responsible for delivering services
- varying levels of recruitment expertise and experience among Members
- difficulties in getting the same panel together at longlist, shortlist, interview stages, hence inefficient and time-consuming recruitment process.

In summary, the factors considered at that time were: managing appropriately political involvement, ensuring a proper separation of policy direction from operational responsibility, and efficiency and effectiveness in recruitment process and decision.

It’s useful to consider the rationale for why Members might make certain appointments. This could potentially include:

- Chief Officer posts - to ensure that the most senior posts have good working relationships with the members and provide assurance.
- CFO and DPH - as Statutory Chief Officers these are roles for which Members may additionally wish to be assured on the appointment.
- Monitoring Officer and Head of Democratic Services - scope and role means that members need to be assured and have personal confidence in the appointment

When considering any decision-making process, assessing technical and professional competence should remain a primary determinant.

Additionally, in 2016, the changes included a longer list of Officer roles in which members could be involved informally which is set out in part 6.4 of the Constitution. This list includes all the lead roles for all services in the Authority. This list requires some amendment to reflect the current organisation.

Part B
Members may be informally involved in appointments to the following
Posts
Lead Officers responsible for:
Adult Social Work and Health:
• Early Help and Prevention
• Social Work
• Commissioning
• Service Delivery
Children's Services:
• Education
• Children's Social Work
• Early Help
• Quality and performance
Environment and Transport:
• Highways
• Transport
• Cultural Services
• Environment
• Planning
• Economic Development
• Property
• Budgeting and Financial Management
• Pensions Management and Treasury
• Human Resources and Organisational Development
• Corporate Planning, Performance and Intelligence
• Communications

3. Financial Implications

Efficient and effective recruitment reduces cost and improves services.

4. Issues, risks and innovation

The accountabilities of Chief Officers are set out in Article 8 and enabling them to recruit, direct and manage the performance of their direct reports is a key consideration to enabling the successful delivery of their accountabilities and effective and organisational performance.

If a role is considered as a member appointment and a decision is in conflict to the statutory Chief Officer based on technical competence, this will need a process for resolution.

There is an opportunity and examples in recent recruitment processes in the last year where we have ensured good engagement between Chief Officer and member involvement in panels to improve and value the contribution of members to the decision-making process and this should be built on.

5. Background

The previous findings of 2016 as summarised in this paper remain relevant.

The current Tier 3 structure is attached.

Officer Contact

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

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

Officer Name:	**Tel No:**	**Email address**:
Sarah Shirtcliff		Sarah.shirtcliff@norfolk.gov.uk

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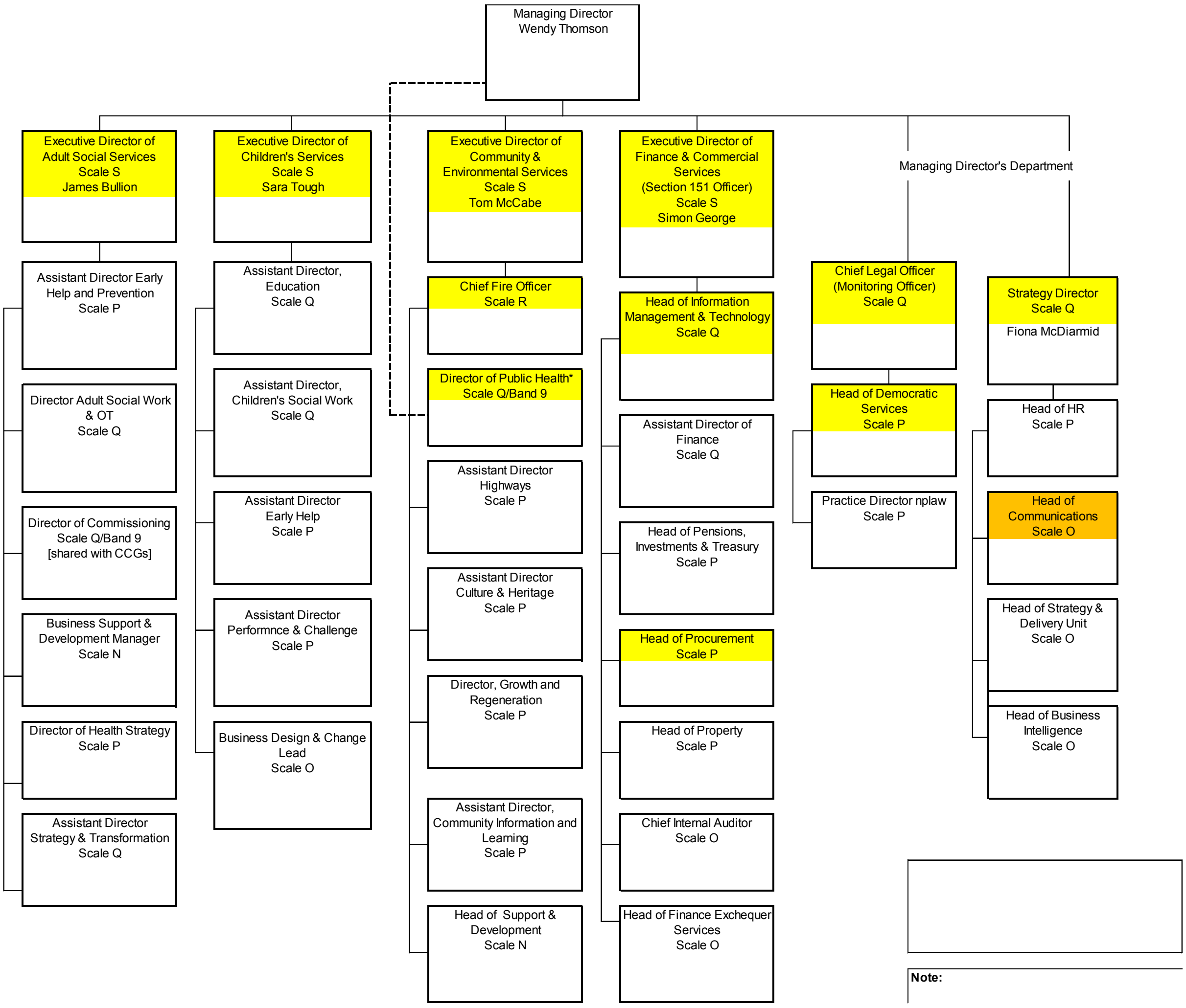
Managing Director
Wendy Thomson
Executive Director of Adult Social Services Scale S James Bullion
Executive Director of Children's Services Scale S Sara Tough
Executive Director of Community & Environmental Services Scale S Tom McCabe
Executive Director of Finance & Commercial Services (Section 151 Officer) Scale S Simon George
Managing Director's Department
Assistant Director Early Help and Prevention Scale P
Director Adult Social Work & OT Scale Q
Director of Commissioning Scale Q/Band 9 [shared with CCGs]
Business Support & Development Manager Scale N
Director of Health Strategy Scale P
Assistant Director Strategy & Transformation Scale Q
Assistant Director, Education Scale Q
Assistant Director, Children's Social Work Scale Q
Assistant Director Early Help Scale P
Assistant Director Performnce & Challenge Scale P
Business Design & Change Lead Scale O
Chief Fire Officer Scale R
Director of Public Health* Scale Q/Band 9
Assistant Director Highways Scale P
Assistant Director Culture & Heritage Scale P
Director, Growth and Regeneration Scale P
Assistant Director, Community Information and Learning Scale P
Head of Support & Development Scale N
Head of Information Management & Technology Scale Q
Assistant Director of Finance Scale Q
Head of Pensions, Investments & Treasury Scale P
Head of Procurement Scale P
Head of Property Scale P
Chief Internal Auditor Scale O
Head of Finance Exchequer Services Scale O
Chief Legal Officer (Monitoring Officer) Scale Q
Head of Democratic Services Scale P
Practice Director nplaw Scale P
Strategy Director Scale Q Fiona McDiarmid
Head of HR Scale P
Head of Communications Scale O
Head of Strategy & Delivery Unit Scale O
Head of Business Intelligence Scale O
Note:

Report title:	**Changes to the Scheme of Delegation for the determination of Planning Applications and the provision of training for Members of the Planning (Regulatory) Committee.**
Date of meeting:	**4 September 2018**
Responsible Chief Officer:	**Tom McCabe**
Strategic impact To ensure the ongoing provision of robust planning decisions in accordance with the requirements of legislation and best planning practice.	

Executive summary

To revise the existing scheme of delegation in relation Town & Country Planning matters so that the items which raise three or more objections on planning matters are determined by the Planning (Regulatory) Committee. To require that the members who sit on the Planning (Regulatory) Committee attend a training session on the role of the committee at least once a year.

Recommendations:
That the Constitutional Advisory Group recommend to Policy and Resources Committee that the changes to the constitution are adopted.

1. Proposal

1.1. The changes proposed are to:

- Reduce from five to three the number of objections on planning grounds that trigger the requirement for an application to be determined by the Planning (Regulatory) Committee. In the case of an approval, the powers to discharge planning conditions attached to planning permissions and to agree non material amendments to the permissions will still be delegated to officers. The change will still ensure that the majority (90%) of applications are delegated to officers.
- To make it a mandatory for to members who sit on the planning (Regulatory) Committee to attend a ½ day training session on the role of the committee before they sit on the committee and at least every 12 months thereafter, while on the committee.
- Provide, additional, non-mandatory training prior to each committee meeting on a range of planning topics to help members develop their planning skills.

1.2. This proposal advocates a change to powers specifically delegated to the Executive Director of Community and Environmental Services contained in Part 6.2 of the constitution. Principally, to the number of individual representations raising objections before the matter must be dealt with by the Planning (Regulatory) Committee. The current trigger is “more than four objections” and the proposed trigger is “three or more objections”.

1.3. Part 8 of the constitution contains the codes and protocols to be followed to ensure the administration operates in a fair and transparent manner. Part 8.6 *Planning procedures – Codes of Best Practice*, provides guidance for members and officers as to how they should deal with planning matters. It deals with a number of issues, most notably the operation of the Planning (Regulatory) Committee, site meetings and the training requirements for committee members.

1.4. It is suggested that by dividing training between mandatory and non-mandatory (but desirable) sessions, it can be guaranteed that any member sitting on the committee will have received training on a given set of topics. The mandatory training session would consist of a half-day session which would cover the role of the committee and provide basic training on the statutory requirements of decision makers and the format of the committee. It is proposed that prior to serving on the committee members must attend the session and that they will be required to attend a “refresher” session on annual basis. The mandatory session could be run on any given frequency, but it is suggested that twice a year would be sufficient to ensure that everyone can attend and importantly keep up to date. Shorter 45 minute sessions on individual topics to a greater depth could be provided on the day of the committee, either prior to or after the committee. The topics to be covered will be published in advance on a 12 month cycle. The current proposal is that these are non-mandatory sessions, but an option would be to make the sessions mandatory for sitting on the Committee that day. In which case the training session would need to precede the committee. Currently Planning committee starts at 10:00 and logistical terms it would probably need to me moved by 30 minutes if training was to be provided prior to the meeting.

1.5. It is not proposed to change the constitution in relation to member’s site visits.

1.6. The change recommended to part 6.2 of the constitution appears at 12(a) of the functions delegated to the Executive Director of Community and Environmental Services and is to replace the words “have more than four individual representations” with the words have three or more individual representations”. The proposed changes to Part 8.6 Planning Procedures – Codes of Practice. Are more widespread and the revised protocol is attached to the report as appendix A.

2. Financial Implications

2.1. Determination of applications under delegated powers as opposed to via committee is generally less costly. However it is anticipated that the financial implications will be limited as the majority of applications will still be determined under delegated powers. The costs associated with training arise from officer time and members expenses. By reducing the stand alone training sessions to two ½ day “mandatory” and coupling the non-mandatory sessions to planning committees when the majority of members would already be in County Hall, it is anticipated that the costs implications, if any, will be limited.

3. Background

3.1. The exercise of the power to delegate planning functions is generally a matter for individual local planning authorities, having regard to practical considerations including the need for efficient decision-taking and local transparency. National planning policy and guidance advocates that it is in the public interest for the local planning authority to have effective delegation arrangements in place to ensure that decisions on planning applications that raise no significant planning issues are made quickly and that resources are appropriately concentrated on the applications of greatest significance to the local area.

3.2. The general provisions applying to delegated powers allow for officers to approve and refuse permissions in accordance with the relevant policies of the

County Council. In the context of the town and country planning development management function this permits officers to approve applications that accord with the development plan and similarly refuse applications that are contrary to the development plan. In this case the development plan means the Norfolk Minerals and Waste Development Framework plus the relevant district local plan.

3.3. The specific powers delegated to the Executive Director of Community and Environmental Services under part B of section 6.2 of the Council Constitution identify a number of circumstances where decisions that accord with the general provisions must nevertheless be made by members of the Planning (Regulatory) Committee, most significantly applications that are subject to the Environmental Impact Assessment Regulations 2017 and those that have received a number of objections. In delegating its planning functions the council must balance the benefits of producing speedy decisions, typically associated with the delegation of decisions to officers against the need to provide openness and transparency in decision making that is provided through the planning committee. Historically local Authorities were set a target that a minimum of 90% of decisions be delegated to officers, however in recent years targets/penalties are solely based on the percentage of applications determined within specified or agreed timescales. Under the current scheme of delegation 95% of all decisions are delegated to officers, under the proposed scheme this would be reduced to just over 91%. A modest decrease. Notwithstanding the issues surrounding openness and transparency the modest increase in committee decisions would have the added benefit of assisting elected members gain experience relatively less controversial matters than is currently the case. Whilst the majority of planning decisions are made at the district level, at the county members are faced with determining a disproportionate level of highly controversial minerals and waste matters. By providing a greater opportunity for opportunity for members to exercise their planning judgement it should assist members when they must deal with the most controversial of cases.

3.4. It has long been recognised that committee member training is essential if members are to carry out their planning duties effectively. The report of the Nolan Committee on standards of conduct in Local Government in England, Scotland and Wales (1997), the DCLG report on Councillor Involvement in Planning decisions (2007), The Killian Pretty Review (2008) and the Local Government Association report on Probity in Planning (2009) and updated in (2013) all identified training on planning matters as essential. However, it is not a statutory requirement for members of a planning committee to receive training in relation to their role. In practice, most Authorities impose a requirement through their constitution, which in effect means that decisions made by members who have not complied with the training requirements the constitution will open to legal challenge, which may lead to the quashing of the decision. Furthermore individuals may seek redress through the local government ombudsman.

3.5. Training requirements for members who sit on the planning committee are currently contained within the constitution at part 8.6 “Planning Procedures – Code of best practice”. Section 14 requires that members should receive training either before serving on the committee or as soon as possible after their appointment. Substitutes should receive training before they serve on the committee. No requirements are imposed on the number or frequency of training events that a member should attend. The constitution identifies four half day training sessions to be provided for members, in practice members are provided with 6 training sessions each of 2 hours in duration.

3.6. Although not implicit in the constitution, the current practise is that as long as a member has attended at least one session in the previous year they may serve on the committee. The training they will have received will depend upon the number of events attended ant the topics covered.

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:

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Appendix A

PART 8.6

PLANNING PROCEDURES - CODE OF BEST PRACTICE

1. **INTRODUCTION**

1.1 This is a Code of Best Practice for dealing with planning applications and related matters. It takes account of the recommendations of the Third Report of the Nolan Committee and the guidance produced by the Local Government Association as well as drawing on the County Council's own experience in these areas including the views of the Standards and Planning Regulatory Committees.

1.2 The aim of the Code is to give clear guidance to County Council members and officers on how they deal with planning matters. In doing so, it should also seek to ensure that the public have confidence that the decision making of the County Council is open and fair.

1.3 The majority (90%) of ~~P~~planning matters are normally dealt with ~~cided~~by officers under delegated powers. Only the most controversial and contentious matters are determined through the County Council's Planning Regulatory Committee. ~~In addition, non-controversial planning matters are usually dealt with by officers under delegated powers~~. This Code applies whoever takes the decision.

1.4 This Code applies to appointed members of the Planning Regulatory Committee and substitutes drawn from the nominated panel. References in the Code to Committee members therefore include substitutes and even the full Council if they take the planning decision.

1.5 The Code applies to the full range of planning matters determined by the County Council ~~and enforcement matters considered by the Planning Regulatory Committee~~.

1.6 Failure to follow recommendations contained in this code could be taken into account in investigations into allegations of maladministration and might also indicate a breach of the Members Code of Conduct.

2. **DECLARATION OF INTERESTS**

2.1 The provisions of the Members Code of Conduct relating to interests are in Part 8.1 of the Council's Constitution.

2.2 There will be a standing item on the agenda of all committees to facilitate the declarations of interest.

2.3 To assist Councillors in this difficult area training will be provided in accordance with this code.

3. **PRE DETERMINATION**

3.1 It is a well understood principle that judicial and quasi judicial decisions must not only be taken in a fair and unbiased way, but must be seen to be so. Although planning committees are not quasi judicial but administrative, the tendency of the courts in recent years has been to apply similar principles to planning committees.

3.2 Where applications are considered for County Council development or development on County Council Land those members of the Committee who have participated in the decision to apply for permission will declare that fact and not take part in the determination.

3.3 Where an external body, including a school, makes, initiates or is closely involved with an application for planning permission and members of the Committee (or their family members) serve on that body then the Committee member must declare an interest and not take part in the determination

3.4 Where a member of the Committee serves on a Parish, Town or District Council which has commented on an application before the Committee, provided the member has not come to a final view on all the relevant matters before the Committee then they will declare that fact but may take part in the determination. If they have participated in a meeting on the application at Parish, Town or District level they should have it minuted at that meeting that they have not come to a final conclusion on the application.

3.5 Where however in the situation referred to in paragraph 3.4 such member*s* have already decided in their own mind*s* how the application should be decided then they must declare an interest and not take part in the determination.

4. **DEVELOPMENT PROPOSALS SUBMITTED BY COUNCILLORS AND OFFICERS**

4.1 The County Council fully recognises that proposals by serving Councillors and officers and their close friends and relations can easily give rise to suspicion of impropriety. In order to ensure that they are handled in a way that gives no grounds for accusations of favouritism:

a) the Chief Legal Officer will be informed of such proposals.
b) such proposals will be reported to the Planning Regulatory Committee for decision and not dealt with by officers under delegated powers. As part of the report the Chief Legal Officer will confirm whether the proposal has been processed normally.
c) serving Councillors who act as agents for people pursuing a planning matter or who submit planning proposals in their own right must play no part in the decision making process for that proposal.
d) persons who are employed as planning agents should not serve as members of the Committee.

4.2 An application on the agenda relating to development by a member is likely to be a disclosable pecuniary interest or other interest and the member needs to consider whether he/she should declare the interest and withdraw from the room during consideration of the matter.

5. **COUNTY COUNCIL DEVELOPMENT**

5.1. Proposals for the County Council's own development and that of wholly owned companies will be treated in the same way as those of a private developer particularly in relation to officers' advice, which must be impartial.

6. **LOBBYING OF AND BY COUNCILLORS**

6.1 The County Council recognise that lobbying is a normal and perfectly proper part of the political process. The third report of the Nolan Committee noted that it was essential for local concerns to be properly ventilated and the best way to do this was through the local elected representative. However, lobbying can lead to the impartiality and integrity of a Councillor being called into question and in a number of cases lobbying has caused considerable public mistrust of Councils. As a result:-

a) when being lobbied, Councillors, and members of the Planning Regulatory Committee in particular, should take care about expressing an opinion which may be taken as indicating that they have already made up their mind on the issue before it has been exposed to all the evidence and arguments.
b) rather, they should restrict themselves to giving procedural advice, including suggesting to those who are lobbying that they should speak or write to the relevant Planning Officer in order that their views can be reported to the Planning Regulatory Committee.
c) if Committee members do express an opinion then they should make it clear that they will only be in a position to take a final decision after having heard all the relevant evidence and arguments at the Planning Regulatory Committee.
d) members of the Committee other than those who are Councillors for the affected Division(s) - for which see paragraph (e) - should not openly declare which way they intend to vote in advance of the Committee meeting and of hearing the evidence and arguments on both sides.

e) a Planning Regulatory Committee member who represents a Division affected by an application is in a difficult position if it is a controversial matter around which a lot of lobbying takes place. If the member decides to go public in support of a particular outcome - or even campaigns actively for it - it will be very difficult for that member to argue convincingly when the Committee comes to take its decision that he/she has carefully weighed the evidence and arguments presented. In those circumstances, because of the issue of predetermination the proper course of action would be for the member to declare an interest and not vote. The arrangements for public speaking include an opportunity for the Division Member to make representations

f) Similarly, a Planning Regulatory Committee member who decides to go public in support of a particular outcome for a planning matter which does not affect that member's Division should not speak or vote on that matter when it comes before the Committee.

6.2 In addition:

a) Councillors should not put pressure on officers for a particular recommendation.
b) Councillors should not mutually agree with one another on how to vote on particular planning matters.
c) Councillors should pass any relevant written information which they receive to officers so that it can be reported or responded to.

6.3 The essential point is that decisions on planning applications should be taken in a fair and open manner, in the meeting and on the evidence presented to the meeting.

7. **GROUP MEETINGS**

7.1 A protocol for group meetings is attached as Annex 1 to this code.

8. **PRE-APPLICATION DISCUSSIONS**

8.1 The County Council recognise that discussions between a potential Applicant and the County Council prior to the submission of a planning application - and even after its submission - can be of considerable benefit to both parties. However, it would be easy for such discussions to be seen to become part of the lobbying process. To avoid this, the County Council have agreed that all pre-application discussions should take place within the following guidelines:

a) It should always be made clear at the outset that the discussions will not bind the County Council to making a particular decision and that any views expressed are personal and provisional.

b) Any advice should be consistent and based upon the Development Plan and material considerations. In addition, all officers taking part in such discussions should make it clear whether or not they are the decision maker.

c) A written note should be made of all pre-application discussions. At least one officer should attend such meetings and a follow up letter is advisable at least when documentary material has been left with the County Council. A note should also be taken of pre-application telephone discussions. However information shared at pre-application discussions should only be placed on the planning if it is not considered to be confidential.

d) Care must be taken to ensure that advice is, and is seen to be, impartial; otherwise a subsequent report could appear to be advocacy of a particular case.

8.2 Councillors and officers should avoid indicating the likely outcome of a decision. However, an officer whilst clearly making no commitment may on the basis of the structure and local plans and policy documents give information on the likely planning issues that would need to be addressed.

8.3 These guidelines apply equally to meetings called by third parties, such as Parish Councils, to discuss planning applications.

9. **OFFICER REPORTS TO COMMITTEE**

9.1 Committee reports on planning proposals will comply with the following guidelines:

a) Reports should be accurate and cover, amongst other things, the substance of objections and the views of consultees. (There will be an Agenda note to say where full copies of third party representations and views of consultees may be inspected).
b) Relevant points will include a clear exposition of the development plan, the site or related history and any other material considerations.
c) The report should have a clear recommendation; oral reporting by officers (except to update a report or to report on late response from Committees) should be extremely rare and carefully minuted when it does occur.
d) Reports should contain a technical appraisal which clearly justifies a recommendation.
e) If the report's recommendation is contrary to the provisions of the development plan, the material considerations which justify this must be clearly stated.

9.2 Applicants or third parties who wish to bring matters to the attention of the Committee should do so in good time so that they can be incorporated in the written Committee Report. Information submitted less than 48 hours before the committee sits may not be seen until after a decision has been made and therefore not considered when determining the application. Similarly the Chairman may refuse to entertain material submitted for circulation on the day of the committee. ~~Where new information arises without sufficient time for consideration officers will consider making a recommendation that the item be deferred.~~

10. **PUBLIC SPEAKING AT PLANNING (REGULATORY) COMMITTEE**

10.1 The County Council has a scheme for public speaking which is set out at Part 4.4 of the Constitution.

11. **DECISIONS CONTRARY TO OFFICER RECOMMENDATION AND/OR THE DEVELOPMENT PLAN**

11.1 The Law requires that where the Development Plan [i.e. the approved Minerals and Waste ~~Structure~~ Plan ~~and~~ relevant ~~Local~~ Local and neighbourhood Plan(s)] is relevant, decisions must be taken in accordance with it, unless material considerations indicate otherwise. The personal circumstances of an Applicant will very rarely be a relevant consideration.

11.2 It follows that if the Officer's Report recommends approval of a departure, the justification for this should be included in full within the Report.

11.3 In addition, where the Planning Regulatory Committee is minded to take a decision contrary to the Officer's recommendation, they should first give the Officer the opportunity to explain the implications of the contrary decision.
11.4 If the Committee then makes a decision contrary to the Officer's recommendation, the minutes should clearly state the reason(s) why, and a copy placed on the application file.
11.5 A Senior Legal Officer will always attend meetings of the Planning Regulatory Committee to ensure procedures are properly followed.

12. **COMMITTEE SITE VISITS**

12.1 Site Visits can cause delay and should therefore only be used where the expected benefit is substantial, e.g. where the visit will significantly assist the Committee's understanding of the issues or in controversial cases or where it will demonstrate to the public or the applicant that members have listened to their argument. The reason for the site visit should be minuted.

12.2 The purpose of a visit is to make a 'tour of inspection' by Members accompanied by an officer(s) who will point out any relevant issues and areas of interests/importance. It is not a meeting where any decisions will be made or a formal minute written. Decisions will be taken at the next appropriate formal meeting of the Planning Regulatory Committee. However, a note will be drafted, and placed on file of salient issues and points such as:

Date, Venue, Attendance, Duration, Locations Inspected, Issues Addressed

12.3 Invitations to the visit will be extended to other parties as appropriate, e.g.:

The District Council
Parish Council
Local Member (where not a Member of the Committee)
The Applicant
Representatives of the objector(s)/supporters (where relevant)
Appropriate Consultees

These invitations will be sent out by the Head of Democratic Services.

12.4 The visit will be chaired by the Chairperson (agreed or substitute) of the Planning Regulatory Committee. It will be at his/her discretion whether to allow those invited to the site visit to address the Members and this will be on the basis of speaking on specific issues previously raised in writing. The Chair will need to ensure that parties are each treated fairly and equitably and the appropriate standards of propriety are seen to be adhered to.

12.5 Members should avoid separate discussions with objectors or applicants during the visit and should not make unaccompanied site visits.

12.6 A substitute who attends the site visit should, if not substituting at the subsequent committee meeting when the application is determined, fully brief the committee member attending the committee meeting. The observations made by the substitute to the sitting member should be recorded in the minutes.

12.7 If a substitute who attended the site visit attends the subsequent committee with the sitting member (but is not voting) then the substitute should be given the opportunity to make comments to the meeting on the site visit.

13. **REGULAR REVIEW OF DECISIONS**

13.1 As part of the members training programme the Planning (Regulatory) Committee will from time to time visit the sites of implemented planning permissions to assess the quality of decisions made.

13.2 ~~Training for new members of the Committee will also include visits to permitted sites.~~

Commented [JN1]: Not needed.doers notrelly add anything to the protocol.

14. **TRAINING**

14.1 It is recognised that ~~The Nolan Report states (paragraph 292) that~~ the planning system is complex ever changing and therefore ~~it is~~ essential that Councillors have adequate and regular training. ~~It recommends:~~

~~R34 All members of an authority`s planning committee should receive training in the planning system either before serving on the committee, or as soon as possible after their appointment to the committee~~.

14.2 Training for members of the Committee (and substitutes) will take the form of mandatory and non-mandatory (but desirable) ~~half day~~ sessions. The mandatory training session consists of a hald-day session which addresses the role of the committee. Before serving on the committee councillors must attend the session and must attend a "refresher" session on an annual basis while they serve on the committee. Shorter 45 minute (non-mandatory) session will be provided prior to each planning committee. ~~and a~~As much notice will be given on the training sessions as possible. The training programme will be the responsibility of the Executive Director of Community and Environmental Services in consultation with the Chief Legal Officer.

14.3 ~~Training is regarded as essential and Members of the Committee and those on the Panel of Substitutes must receive training on the planning process before they are eligible to serve on the Committee.~~

15. **COMPLAINTS AND RECORD KEEPING**

15.1 If a member of the public or an applicant wishes to complain about the County Council's treatment of a planning application then in the first instance he should contact the Executive Director of Community and Environmental Services in County Council. The complaint will be investigated and an answer given. If the complainant is not satisfied with the answer, the complaint should be put in writing to the Executive Director of Community and Environmental Services, if possible using the County Council's customer complaint form. He/she will investigate the complaint and provide a written response. If this is still unsatisfactory, the complainant should write to the County Council's Managing Director who will carry out an internal review independent of the Community and Environmental Services Department.

15.2 So that complaints can be fully investigated and, in any case, as a matter of general good practice, record keeping will be complete and accurate. Every planning application file should contain an accurate account of events throughout its life, with particular care being taken with regard to applications that are likely to be determined under Officers' delegated powers. Such decisions should be as well documented and recorded as those taken by members.

15.3 Decisions taken by officers under delegated powers will be exercised in an accountable way which will include placing on the file written justification for the exercise of the powers in a particular way. Periodic reports will be made to the Planning Regulatory Committee of cases dealt with under delegated powers.

Appendix A

ANNEX 1

PROTOCOL FOR GROUP MEETINGS

1. Political Groups represented on the County Council may wish to hold pre-meetings prior to meetings of the Planning (Regulatory) Committee. In principle there is nothing wrong with this but it is important that Members understand their purpose and that there must be no grounds for those interested in planning applications, be they the applicants or objectors, to misunderstand what happens in them.

2. This protocol therefore affirms that the purpose of the Group Meetings is for Group Spokespersons to feed back to the members of their Group on the Committee (or their official substitutes for that meeting) on relevant issues arising from their own briefings with Officers. On this basis, the only persons who may be present at them are members of the Committee (or their official substitutes for that meeting) who will be attending the Committee Meeting which immediately follows. In particular, Local Members and those on the Panel of Substitutes who will not be substituting at that particular meeting will not attend except that substitutes may attend for training purposes.

3. There are existing procedures for Local Members to feed into the Committee any comments which they may have on an application. Provided these comments are received before the finalising of the Committee Report, normally 2 weeks before the meeting, they will be incorporated in it. In addition, there is an opportunity for Local Members to speak at the Committee Meeting itself. However, Local Members may occasionally wish to make their additional comments in writing and to deal with this it is proposed that a note be circulated to all Members of the Committee in time for any Group meetings incorporating any additional views from the Local Member together with details of any further written representations received from other interested parties. The Chairman or one of the Officers will also refer to these additional comments during the introduction of the report.