

## **Policy and Resources Committee**

**Minutes of the Meeting Held on 6 February 2017**

**10:00am Edwards Room, County Hall, Norwich**

**Present:**

Mr C Jordan (Chairman)

Mr M Castle  
Mr T Coke  
Mrs H Cox  
Mr A Dearnley  
Mrs J Leggett  
Mr I Mackie  
Mr I Monson  
Mr S Morphew

Mr G Nobbs  
Mr A Proctor  
Mr D Roper  
Mr B Spratt  
Mr B Stone  
Dr M Strong  
Mrs A Thomas

**Substitute Member Present:**

Mr R Parkinson-Hare for Mr M Baker

**Also Present:**

Mr M Wilby  
Mr R Smith

**1. Apology for Absence**

1.1 Apologies for absence were received from Mr M Baker.

**2 Minutes**

2.1 The minutes of the previous meeting held on 28 November 2017 were confirmed by the Committee and signed by the Chairman subject to the appointments listed in minute 17.5 (2) being “made by Members” rather than having “Member involvement”.

**3 Declarations of Interest**

3.1 Mr I Mackie declared a personal interest in Item 12 (Norse Consents-NPS Infinity Ltd) as a Director of Norse and Norse Companies.

3.2 Mr B Stone declared a personal interest in Item 12 (Norse Consents-NPS Infinity Ltd) as the Norse member shareholder.

**4 Items of Urgent Business**

4.1 There were no items of urgent business.

**5 Public Question Time**

There were no public questions

**6 Local Member Issues**

6.1 There was one local Member question from Mr M Castle regarding the Children's Services site at Norman House on the Tar Works Road in Great Yarmouth. The question together with the answer can be found as an Appendix to these minutes.

***Section A – Items for Discussion and Decision/Action***

**7 Strategic and Financial Planning 2017/18 to 2019/20**

7.1 The Committee received a report by the Leader of the County Council that explained the context for the last revenue and capital budget of the County Council before the elections in May 2017 including the implications for Council Tax and for investing in the Council's priorities for the period to 2019/20. The Leader said the proposed budget placed the Council's responsibility to vulnerable people at its heart, with £25m of extra money for Adult Social Care and an extra £9m for Children's Services.

**7.2 RESOLVED**

**That the Policy and Resources Committee:**

**Note the report.**

**8 Revenue and Capital Budget 2017-18**

**8.1 Strategic and Financial Planning 2017-18 to 2019-20 and Revenue Budget 2017-18**

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

8.1.2 The Committee received a report by the Executive Director of Finance and Commercial Services that set out the overall direction of travel for strategic and financial planning for 2017-18 to 2019-20 and provided the detailed financial information to support the Committee's proposed Revenue Budget and Council Tax recommendations.

8.1.3 Mrs A Thomas commended the officers for their hard work in compiling a very comprehensive budget report that was rooted in strong financial management. She said the report set out a budget strategy that was built to last and put in place a strong foundation for savings in future years.

8.1.4 In the ensuing debate the following key points were made:

- Approximately half of the money received from second home council tax went directly into the County Council's general fund.
- The larger share of the Better Broadband Reserve (that stood at £500,000) was earmarked to be spent in future years on the staffing required to deliver the objectives of the Better Broadband programme but is now no longer required for that purpose.
- At the request of the Committee, public information regarding the business rate receipts in Norfolk would be collected from the City, Borough and District Councils. A briefing note on the matter would be made available to all Members of the County Council in due course.
- With specific reference to reference P&R077, it was pointed out that the revenue saving from the implementation of the Minimum Reserve Provision policy was likely to be fully achieved by the end of 2016/17.
- Capital funding was being used to deliver parts of the remaining DNA project (reference P&R 072) in the most cost effective manner, primarily around in-house data storage. There continued to be opportunities to integrate DNA and ICT infrastructure programmes.
- It was noted that more fuller explanations given in the meeting in answer to Members detailed questions about progress in achieving the planned implementation of the P&R budget savings ( and in particular P&R 050, P&R 051 and P&R 064) would be included in future budget monitoring reports.
- Additional information about how it was planned to achieve some of the budget savings identified for Policy and Resources for 2017 to 2020 could also be found in the report on delivering financial savings (at page 291 of the agenda).
- With regard to saving CHL017, it was pointed out that there was a long term saving to be achieved from reducing the number of social workers used by the County Council who worked for employment agencies. The right mix of staff between agency social workers and permanent staff would be achieved with time as more social workers completed their social worker training courses and became qualified.
- Attention was drawn to reference ASC006 and the importance of the Promoting Independence- Customer Pathway to the social care budget in reducing the number of service users receiving care in a residential setting.
- Attention was also drawn to the implementation of the MRP policy which had started to have a very positive impact on the future annual revenue cost of prudential borrowing.
- It was pointed out that in future years an annual sum would be added to reserves to fund County Council elections. This would mean that the costs of elections were spread out evenly over the term of the next County Council.

8.1.5 Mrs A Thomas moved, duly seconded by Mr B Stone, that the following additional words be added to the end of recommendation 5 (a) in the report:

***“...subject to the delay of the proposed saving ASC021 (recommissioning of***

*information advice and advocacy services) to transfer the planned saving of £0.063m from 2017-18 to 2018-19. The delay of this saving to be funded by reducing inflationary pressures within the Adult Social Care Committee's budget."*

- 8.1.6 A minority of Members were of the view that the motion placed on the table should have come forward from the Adult Social Care Committee and that the Committee should look to delay making this saving for two years rather than one year. It was noted that the Chairman of the Adult Social Care Committee had given his apologies for absence for today's meeting.
- 8.1.7 The Executive Director of Finance and Commercial Services confirmed that the saving of £0.063m could be funded in the way described in the motion but stressed that it would not be financially prudent to look to fund other budget savings in a similar way.
- 8.1.8 On being put to the vote there were 14 votes in favour of the motion, 0 votes against and 3 abstentions whereupon it was **RESOLVED accordingly**.
- 8.1.9 **It was then RESOLVED**

**That the Policy and Resources Committee:**

1. **Note the specific recommendations for budgets and savings proposals relating to Policy and Resources Committee's own budgets as set out in Appendix F to the report.**
2. **Note the statements regarding the robustness of budget estimates, and risks to the 2017-18 budget, set out in section 6 of the report and the separate report on the Robustness of Estimates elsewhere on the agenda.**
3. **Note the feedback from Service Committees including the proposals for additional savings, and the further changes required to deliver a balanced budget as set out in the report.**
4. **Note the findings of equality and rural assessments, linked at Appendix H(ii) to the report, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:**
  - **Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;**
  - **Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;**
  - **Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.**
5. **Agree to recommend to County Council:**
  - (a) **An overall County Council Net Revenue Budget of £358.812m for 2017-18, including budget increases of £93.741m and budget decreases of £73.889m as set out in Table 11 of the report, and the actions required to deliver the proposed savings subject to the delay of the proposed saving ASC021 (recommissioning of information advice and advocacy services) to transfer the planned saving of £0.063m from 2017-18 to 2018-19. The delay of this**

saving to be funded by reducing inflationary pressures within the Adult Social Care Committee's budget.

- (b) The budget proposals set out for 2018-19 to 2019-20, including authorising Chief Officers to take the action required to deliver budget savings for 2018-19 to 2019-20 as appropriate.
- (c) With regard to the future years, that further plans to meet the remaining budget shortfalls in the period 2018-19 to 2019-20 are developed and brought back to Members during 2017-18.
- (d) To note the advice of the Section 151 Officer, at paragraph 6.1, on the financial impact of an increase in Council Tax, as set out in section 8, and confirm the assumptions that:
  - I. the Council's 2017-18 budget will include a general Council Tax increase of 1.8% and a precept of 3% for Adult Social Care, and overall increase of 4.8% (shown at Appendix D to the report) as recommended by the Executive Director of Finance and Commercial Services.
  - II. the Council's budget planning in future years will include Council Tax increases for CPI in line with Government assumptions as set out in the Spending Review 2015, plus an increase of 3% for Adult Social Care in 2018-19 but no increase in the Adult Social Care precept in 2019-20, based on the current discretions offered by Government.
- (e) That the Executive Director of Finance and Commercial Services be authorised to transfer from the County Fund to the Salaries and General Accounts all sums necessary in respect of revenue and capital expenditure provided in the 2017-18 Budget, to make payments, to raise and repay loans, and to invest funds.
- (f) That allocations of Transition Grant and Rural Services Delivery Grant totalling £4.561m and held in the 2016-17 Budget to address business risk, be carried forward and used to help ameliorate the level of savings required in 2017-18 (as recommended by this Committee in October 2016).
- (g) To agree the Medium Term Financial Strategy 2017-20 as set out in Appendix I, including the two policy objectives to be achieved:
  - I. Revenue: To identify further funding or savings for 2018-19 and 2019-20 to produce a balanced budget in all years 2017-20 in accordance with the timetable set out in the Revenue Budget report (Appendix E).
  - II. Capital: To support the proposed long-term strategy to invest in the Council's assets while minimising the impact on the revenue budget.
- (h) The mitigating actions proposed in the equality and rural impact assessments (Appendix H (I) of the report).

## **8.2 County Council Budget 2017-18 to 2019-20: Statement on the Adequacy of Provisions and Reserves 2017-20**

- 8.2.1 The annexed report (8.ii) by Executive Director of Finance and Commercial Services was received.

- 8.2.2 The Committee received a report by the Executive Director of Finance and Commercial Services that detailed the County Council's reserves and provisions, including an assessment of their purpose and expected usage during 2017-20. The report included an assessment of the Council's financial risks that should be taken into consideration in agreeing the minimum level of General Balances held by the Council.
- 8.2.3 **RESOLVED to recommend to County Council:**
- a. To note the planned reduction in non-schools earmarked and general reserves of 46.8% over three years, from £87.569m (March 2016) to £46.606m (March 2020) (paragraph 5.2 of the report);
  - b. To note the policy on reserves and provisions in Appendix C to the report;
  - c. To agree, based on current planning assumptions and risk forecasts set out in Appendix D to the report:
    - I. for 2017-18, a minimum level of General Balances of £19.252m, and
    - II. a forecast minimum level for planning purposes of • 2018-19, £22.978m; and • 2019-20, £23.568m.as part of the consideration of the budget plans for 2017-20, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;
  - d. To agree the use of non-school Earmarked Reserves, as set out in Appendix E to the report;
  - e. To agree that the Executive Director of Finance and Commercial Services further reviews the level of the Council's Reserves and Provisions as part of closing the 2016-17 accounts in June 2017. This review will seek to identify £5.734m of earmarked reserves that can be released in 2017-18 to support the Children's Services budget. In the event that sufficient funding from reserves cannot be found, the Executive Director of Finance and Commercial Services will consider the need for additional in-year savings to be sought across the organisation to support the Children's budget.
- 8.3 **County Council Budget 2017-18 to 2019-20: Robustness of Estimates**
- 8.3.1 The annexed report (8.iii) by the Executive Director of Finance and Commercial Services was received.
- 8.3.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided an analysis of the robustness of the estimates used in the preparation of the County Council's budget which was reported elsewhere on the agenda.
- 8.3.3 **RESOLVED to recommend to County Council:**
- To agree the level of risk and set of assumptions set out in the report, which underpin the revenue and capital budget decisions and planning for 2017-20.**
- 8.4 **Capital Strategy and Programme 2017-20**

- 8.4.1 The annexed report (8.iv) by the Executive Director of Finance and Commercial Services was received.
- 8.4.2 The Committee received a report by the Executive Director of Finance and Commercial Services that presented the proposed capital strategy and programme for 2017-20 including information on the funding available to support the programme.
- 8.4.3 The Committee's attention was drawn to Appendix B on page 175 of the agenda and the proposed change in the phasing of the expenditure for the delivery of the Children's Services Sufficiency Strategy (with the overall expenditure remaining unchanged) that would have to be reported back to the Children's Services Committee for their detailed consideration.

8.4.4 **RESOLVED:**

**That the Policy and Resources Committee:**

1. agree the proposed 2017-20 capital programme of £361.888m;
2. refer the programme to the County Council for approval, including the new and extended capital schemes outlined in Appendix B to the report;
3. agree the Capital Strategy at Appendix D to the report as a framework for the prioritisation and continued development of the Council's capital programme;
4. agree to recommend to the County Council the Minimum Revenue Provision statement attached at Appendix E to the report;
5. agree to recommend to the County Council the Prudential Indicators in Appendix F to the report;
6. note capital grant settlements summarised in Section 4 of the report;
7. note the estimated capital receipts to be generated over the next three years and beyond to support those schemes not funded from other sources, as set out in Table 6 of the report.

8.5 **Annual Investment and Treasury Strategy 2017-18**

- 8.5.1 The annexed report (8.v) by Executive Director of Finance and Commercial Services was received.
- 8.5.2 The Committee received a report by the Executive Director of Finance and Commercial Services that in accordance with regulatory requirements, presented the Council's investment and borrowing strategies for 2017-18, including the criteria for choosing investment counterparties.
- 8.5.3 **RESOLVED to endorse and recommend to County Council:**

**The Annual Investment and Treasury Strategy for 2017-18, including the treasury management Prudential Indicators detailed in Section 8 of the report.**

## 9 **Finance Monitoring Report Period 8 November 2016**

- 9.1 The annexed report (9) by 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 position for the 2016-17 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2017, together with related financial information. The report also provided a brief commentary on Resources and Finance budgets which were the responsibility of this Committee.
- 9.3 The Executive Director of Finance and Commercial Services pointed out that the reduction in the forecast overspend in period 8 was largely due to a change in the implementation of the Council's MRP policy and the use of reserves, subject to approval.

### 9.4 **RESOLVED:**

#### **That the Policy and Resources Committee:**

1. **note the period 8 forecast Revenue overspend of £5.512m (P7 21.426m, P6 £20.746m), subject to approval of use of reserves;**
2. **endorse and recommend to County Council for approval of the use of grants and contributions from reserves in 2016-17 as follows:**
  - **Adult Social Services unspent grants and contributions £0.948m**
  - **School Sickness Insurance Scheme £1.019m**
  - **Other Children's Services reserves use £3.958m****as set out in Appendix 1 section 3;**
3. **endorse and recommend to County Council for approval the use of £1.476m ICT reserves to fund the additional (one-off) costs of implementing the Voice and Data contract as explained in Appendix 1 section 3 of the report;**
4. **note the forecast General Balances at 31 March 2017 of £19.252m, before taking into account any over/under spends;**
5. **note the forecast financial information in respect of Policy and Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2;**
6. **approve three debt write-offs totalling £34,113.95 as set out in paragraph 5.3 of the report;**
7. **note the revised expenditure and funding of the current 2016-20 capital programme as set out in Appendix 3 of the report.**

## 10 **Delivering Financial Savings 2016-17**

- 10.1 The annexed report (10) by 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 progress in delivering the savings agreed by the County Council at its meeting on 22 February 2016.



- 10.3 The Committee was informed that 19% of the savings identified last year had either been reversed or delayed in current budget planning assumptions. The changes identified in the budget report were intended to ensure a deliverable savings programme for 2017-18 so that the forecast shortfalls did not arise.

10.4 **RESOLVED:**

**That the Policy and Resources Committee note:**

- a. the forecast total shortfall of £7.903m in 2016-17, which amounts to 19% of total savings, and for which alternative savings need to be identified;
- b. the budgeted value of 2016-17 savings projects rated as RED of £10.233m, of which £1.985m are now forecast to be delivered;
- c. the forecast over delivery of £0.345m on GREEN and BLUE rated projects; and
- d. the forecast total shortfall of £13.325m of 2017-18 savings and £18.472m of 2018-19 savings reflecting planned delay and removal of savings as detailed more fully in the Budget report elsewhere on the agenda for this meeting.

11 **Disposal and Acquisition of Properties**

- 11.1 The annexed report (11) by Executive Director of Finance and Commercial Services was received.
- 11.2 The Committee received a report by the Executive Director of Finance and Commercial Services that included proposals aimed at supporting County Council priorities by exploiting properties surplus to operational requirements, pro-actively releasing assets with latent value where the operational needs could be met from elsewhere and strategically acquiring property.
- 11.3 The Committee was informed that the proposals set out in the report were aimed at treating all potential occupiers of County Council owned assets in an even handed and transparent way. The proposals treated all leases and licenses, at full market value. Where service providers/ organisations were supporting County Council policies and strategies, the property costs could be supported by a grant provided by service committees. Each case would have to be considered by the appropriate service committee on its own merits.
- 11.4 In reply to questions, the Executive Director of Finance and Commercial Services pointed out that there were currently 721 agreements in place with occupiers of County Council owned assets and the Council received a rental income from approximately 40% of these Third Party organisations.
- 11.5 The majority of Members were of the view that there was a strong rationale for supporting a market rent policy where a formal lease or licence and full market fee/rent for third party use protected the County Council's asset base over the long term as the County Council retained a financial liability as landlord for these

assets. The proposed policy limited the risk of the County Council appearing to act in a potentially discriminatory way and ensured the long term viability of buildings for other potential users in the future.

- 11.6 The minority of Members were of the view that for existing occupiers of County Council owned assets a change of policy on leases and licenses could lead to significant uncertainty. They said that this could lead to an inconsistency in the treatment of similar organisations who after paying a market rent might or might not then find that they were able or unable to continue to receive in the form of a grant some or all of the financial support that they had received previously and yet the change of policy would only achieve a minimal financial return to the County Council.

- 11.7 It was moved by Mr Roper, seconded by Mr Castle:

**That the County Council should defer reaching a decision on whether to confirm that all leases and licences (including extension/renewal of a lease/license), were at full market value pending the Committee receiving a full impact assessment and a breakdown of the costs that would be incurred in administering such a scheme.**

- 11.8 On being put to the vote the motion was **LOST** whereupon it was:

- 11.9 **RESOLVED (by 10 votes to 7):**

**That the Policy and Resources Committee:**

- 1. Confirm that all leases out, or licences (including extension/renewal of a lease/license), are at full market value. Where service providers /organisations are supporting NCC policies and strategies the property costs may be supported by a grant provided by service committees.**
- 2. Agree to the surrender of the lease to 26 Depwade Court, to approve the lease acquisition of the room adjacent to 1 Depwade Court and its subsequent sub-letting to Independence Matters.**
- 3. Declare the former “Officer’s Mess” and the former “Sergeant’s Mess” areas at Scottow Enterprise Park surplus to NCC service use. The Council’s Corporate Property Team are authorised to dispose of the property in accordance with policy or exploit the sites to maximise the receipt or revenue income.**
- 4. Agree to the extension of the leases for part of Scottow Enterprise Park for an additional 5 years for the existing phase 1 lease and additional 4 years for the phase 2 leases all to expire in 2045 for a premium of £100,000 plus costs.**

## **12 Norse Consents – NPS Infinity Ltd**

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

- 12.2 The Committee received a report by the Executive Director of Finance and Commercial Services that sought approval for the creation of NPS Infinity as a Ltd

company.

**12.3 RESOLVED:**

**That the Policy and Resources Committee:**

**Approve the creation of NPS Infinity as a Ltd company.**

***Section B – Items for Report***

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

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

13.2 The Committee received a report by the Executive Director of Finance and Commercial Services that set out the exemptions that had been made up to 12 January 2017 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.

**13.3 RESOLVED:**

That, as required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee note the exemptions set out in the report 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.

**14 Decisions taken under Delegated Authority**

14.1 The annexed report (14) by the Managing Director was received.

14.2 The Committee received a report by the Managing Director that set out decisions taken in relation to property matters by officers under the scheme of delegation and "hierarchy of decision making" since the last report to the Committee.

**14.3 RESOLVED:**

**To note the report.**

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

15.1 No verbal update reports were received.

**The meeting concluded at 11.30 am**

**Chairman**

## **Appendix to Policy and Resources Committee minutes of 6 February 2017**

### **Local Member Question from Mr M Castle**

“What plans do the Council have for disposal or development of the redundant Children's Services site at Norman House on the Tar Works Road in Yarmouth? Has attention been given to its potential use for a Riverside Housing Development deploying a 3-storey Town House format with garages and utility rooms below given the vicinity to the Bure River?”

### **Answer**

This property has yet to be declared surplus to service use. It has been confirmed the property is still in use by Children's Service's for Home Based Care and Supervised Contact services.

Options to relocate Children Services have been considered however no conclusions have yet been reached and the building has not yet been declared surplus to their use. In the event Children's Services vacate the building there is an Officer process to consider use by other County Council Services. If the site is declared surplus to County Council service use the Corporate Property Team will consider options for disposal or redevelopment.

Mr Castle added that there did not appear to be sufficient activity to justify the continued use of this building by Children's Services.