

## **Policy and Resources Committee**

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

### **Present:**

Mr G Nobbs (Chair)

Mr T Adams  
Mr S Agnew  
Mr M Baker  
Mr M Castle  
Mr A Dearnley  
Mr J Dobson

Mr T FitzPatrick  
Mrs J Leggett  
Mr S Morphew  
Mr A Proctor  
Mr D Ramsbotham  
Mrs A Thomas

### **Substitute Members Present:**

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

### **Other Members Present:**

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

## **1. Apologies**

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

## **2 Minutes**

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

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

### **3       Declarations of Interest**

3.1       There were no declarations of interest.

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

4.1       There were no matters of urgent business.

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

### **5       Local Member Issues**

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

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

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

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

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

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

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

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

### 6.3 **RESOLVED**

That the Committee note:

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

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

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

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

### 7.3 **RESOLVED-**

That the Committee:

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

## 8 **Performance Monitoring Report**

- 8.1 The annexed report (8) by the Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service was received.
- 8.2 It was noted that, in response to a request that had been made at the July 2014 meeting of the Committee, the performance indicators which related to 'surveillance targets' had been reviewed. The report also included more benchmarking data and trend analysis when this was appropriate. In response to a question about which committee was best placed to oversee carbon reduction activities, it was reported that the in depth work on this issue would continue to be reported to the EDT Committee and a brief summary of that work included in Policy and Resources Committee performance monitoring reports.
- 8.3 It was noted that some parts of the report highlighted the impact of financial reductions on performance but this was not consistent.

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

### 8.4 **RESOLVED**

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

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

- 9.1 The annexed report (9) by the Interim Director of Children's Services and the Director of Community Services was received.
- 9.2 The overall aim of the bid was supported and welcomed. It was noted that with regard to what was said in paragraph 3.7 of the report there was nothing new to report.

### 9.3 **RESOLVED**

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

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

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

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

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

**10.3 RESOLVED**

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

**10.4 Procurement Overview**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.8 **RESOLVED**

That the Committee:

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

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

Request Committees to:

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

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

Note verbal reports from Chairs of service committees on progress to date to close the budget gap, and the schedule of savings identified to date.

Note any further actions for Committees to ensure any residual gap is closed and savings proposals are developed in readiness for consultation at the end of October 2014.

## **12 Digital Norfolk Ambition - update**

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

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

### **12.3 RESOLVED**

That the Committee:

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

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

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

## **14 Chair's Concluding Remarks**

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

The meeting concluded at 1.40 pm

**CHAIRMAN**





**If you need this document in large print, audio, Braille, alternative format or in a different language please contact Tim Shaw on 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.**

## **APPENDIX A**

### **1. Data protection risk**

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

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

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

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

Steve Rayner  
Strategic Risk Manager  
30/09/14

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

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

**3. Whether Interims were shown within the employee line.**

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

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

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