

Policy and Resources Committee

Date: **Monday 14 July 2014**

Time: **10am**

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

SUPPLEMENTARY A g e n d a

- 12. Budget Planning 2015-18**
Report by Head of Finance

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- 15. Digital Norfolk Ambition Update**
Report by Interim Director of Environment, Transport and Development

(Page A26)

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Policy & Resources Committee

Item No...12...

Report title:	Budget 2015-18 – developing our approach
Date of meetings:	14 July 2014
Responsible Chief Officer:	Head of Finance
Strategic impact To support the delivery of the 2015-16 Revenue and Capital Budget, and the forward plan for 2016-18, which will constitute the Medium Term Financial Strategy for 2015-18.	

Executive summary

1. The Policy and Resources Committee has three main areas of responsibility:-
 - leading the process for developing the County Council Plan and the Medium Term Financial Plan;
 - providing a “whole Council” view of performance, budget monitoring and risk; and
 - developing and monitoring the corporate services.
2. There is an immediate task to ensure the County Council is in a position to set its budget for 2015/16 in February 2015. This will involve addressing the current predicted gap of £3.8m and assuring the previously identified savings of £40m which were agreed by full Council in February 2014.
3. There is then a broader task to develop the forward plan for 2016/18. Given the predicted continuing financial challenge beyond that timescale, this will require a more fundamental assessment of future demand and alternative strategies for meeting that demand (in conjunction with residents, partners and stakeholders) alongside a continued strong drive on efficiency and income generation.
4. The total savings required for 2014-18, are £145.5m, of which, £71.8m was identified in the Medium Term Financial Strategy (and Budget book page 6), requiring new savings of £73.7m. During the process, we will also revisit the risks to the savings already identified.

RECOMMENDATIONS

1. **To adopt the approach proposed at para 10.1 to enable the Committee to fulfil its role in developing recommendations for the County Council on the 2015/16 budget and the 2016/18 forward plan.**
2. **To comment on and suggest other approaches to assembling the budget for 2015/16 in respect of those areas within the remit of the Committee.**

1. Proposal (or options)

- 1.0 So that no stone is left unturned, three ways of looking at the budget have been identified. As we work through the process, these approaches will help deliver the detailed proposals to help build the budget.
- 1.1 The Service Committees are considering the three ways of looking at the budget in 1.2 to 1.8 below, but Policy and Resources Committee must also consider its leadership role in the process. Of particular importance will be the shaping of the final package, to arrive at the best solution for all the Council. The framework, set out below, will help in the Policy and Resources leadership role.
- 1.2 The **first** approach is that set out in the presentation to the June 23rd P&R Committee – attached at Annex 1. It said:
- We have to have **bolder solutions**. The past devices cannot deliver the level of reductions we face, over the longer timescale than previously envisaged. For example, service and commissioning provision across the County with the NHS.
 - We have to have a **strategic approach** to choice. It has to manage demand across the County, rather than accept unsustainable costs.
- 1.3 The **second** approach is found in the ongoing work on change and service planning – in detail at Annex 2. This was part of the report to the November 4th 2013 Cabinet on implementing an accelerated programme of organisation change. It looks at three types of transformation:
- Strategic Innovation;
 - Directorate Transformation;
 - Changing the Way We Work.
- 1.4 The **third** approach is look at **savings and demand** by type. This approach was used in assembling the 2014-15 budget and will be familiar to Members. The detail is set out at Annexes 3 and 4. The savings are illustrated by examples taken from other Councils, be they District, Unitary or County, and show the range of possibilities being explored in Local Government; many of these have been or are currently being addressed within the County Council and a continue strong focus on these must be maintained.

The **Savings framework** is designed to increase the savings not affecting residents, and minimise the level of cuts. Briefly the savings are:

- Savings affecting residents less

Organisation	Arrange People Better
Lean	Better Processes
Procurement	Buy at a Lower Price
Shared Services	Spread Costs to Others
Capital	Reduce Revenue Costs
Terms & Conditions	Terms and Conditions of Employees
Sweat the assets	Improve Income
Change Assumptions	Revisions to Future Predictions

- Savings that affect residents directly

Change Standards	Usually reduce Service Standards
Stop Doing Things	Cease Services

The **Demand framework** is designed to ensure we capture all the risks arising from demand change:

- Economic – loss of income and jobs: inflation;
- Demographic – increase in the population with ‘high costs’;
- Policy – budget correction, Government Legislation, grant settlement;
- Technology – change in work practises and service possibilities;
- Climate – change in standards, availability of resources and adaptive consequences, such as disease.

- 1.5 Committees have been asked to review identified savings for 2015/16 within their remit – see [Annex 5](#) - in order to assure themselves of the deliverability of those savings and to understand the implications of those savings in the longer term. For example, the Better Care Fund, at a £15m saving, is now regarded as a risk, as the discussions between the Government departments (CLG and Health) have recently unfolded.
- 1.6 In addition, Committees have been asked to consider potential areas of further savings for 2015/16 in order to contribute to the remaining funding gap of £3.8m.
- 1.7 The development of the Forward Plan for 2016/18 will require a more fundamental assessment of future demand, changing statutory and policy requirements and public expectations. These issues have been set out in Committee work plans. The task now is for each Committee to consider in more detail the strategic implications of those and to decide what further work they wish to undertake to inform their thinking. This will also inform work that is planned during the Autumn to engage with strategic partners via round table discussions (building on previous feedback from stakeholders), to begin during August /September.
- 1.8 **The timetable** for this work in relation to the 2015/16 budget is tight – Committees will need to consider initial proposals in September, and then prepare for public consultation, if required.

The following represents the timetable to get us to an agreed budget for 2015-16 and a forward plan for 2016/18

Month	Activity	
End of July	First list of savings proposals for 2015/16 and future years ideas and issues	Member Engagement
August/September onwards	Strategic partner engagement	
Sept - Nov	Consultation period for 2015-16 proposals	
Sept – Nov	Ongoing discussions and further development of proposals for Forward Plan 2016/18	
December	Funding information – Member reporting	
January	Reporting to Committees (inc. P&R)	
February	County Council agree budget plans	

- 1.9 As well as any formal public consultation on specific savings proposals for 2015/16, there is the opportunity for wider engagement with the public and partners on the broader longer-term issues facing the Council in the future. It is suggested that this encompasses work with stakeholders and partners through round table discussions (as set out in paragraph 1.7 above), and with the public which seeks to ascertain views on priorities for the future. This work can be contained within existing budgets.
- 1.10 The following process is proposed to enable the committee to fulfil its role in developing recommendations for the County Council on the 2015/16 budget and the 2016/18 forward plan:-
- an early workshop session for this Committee, to consider feedback from the four service Committees from the July round of meetings and to establish proposals for achieving the necessary savings that ensure a cross-Committee approach;
 - to ask Chief Officers to provide for this workshop a detailed briefing on further efficiency and income generation measures;
 - a series of roundtable discussions with stakeholders, building on the successful experience of previous years; and
 - conduct, in a cost effective manner, the fullest public engagement work possible in order to better inform our budget decisions.

2. Evidence

- 2.1 The overall budget reduction, which includes the savings already agreed for 2015-17, amounts to just over £145.5m. This is made up of grant reductions and demographic change.

2014-15	£m	2015-16	2016-17	2017-18
-	Annual Gap	3.8	18.2	51.7
69.3	Annual Savings already agreed	40.0	31.8	
69.3	Total savings reqd	43.8	50.0	51.7
69.3	Cumulative 15-18	43.8	93.8	145.5

- 2.2 The 2015-16 savings are made up of two elements, reductions in expenditure and increases in income, in almost equal proportions. The detail is at [Annex 5](#).

2015-16 £m	Expenditure reductions	Increased income	Total
Adult Social Care Committee	-15.395	-15.000	-30.395
Children's Committee	-7.710	0.000	-7.710
Communities Committee	-0.720	-0.003	-0.723
Environment, Development & Transport Committee	0.082	0.000	0.082
Policy and Resources Committee	3.019	-4.296	-1.277
	-20.724	-19.299	-40.023
Percent %	51.8	48.2	100.0

3. Financial Implications

- 3.1 The level of revenue challenge is set out at 2 above. At this stage of the process, there are several risks. The assumptions on the Government grant will change. The £15m risk on the Better Care Fund will be clearer. All the existing estimates will be refreshed. The strategic choices and boldness required will help mitigate these risks.

4. Issues, risks and innovation

- 4.1 The whole report is about risk and innovation.

5. Background

- 5.1 The Annexes provide the necessary detail to inform Members so that they can begin to shape the budget process.

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:

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Annex 1	Presentation to June 23 P&R Committee
Annex 2	Service planning
Annex 3	Ten Savings categories
Annex 4	The Demand Framework
Annex 5	The 2014-17 savings, already agreed

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Annex 1 – Presentation to June 23 P&R Committee

Forward Guidance - financial prospects 2015-20

Policy & Resources Committee
Monday June 23, 2014

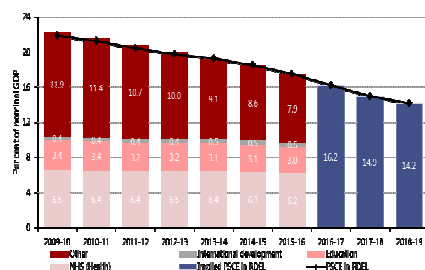
A permanent state of austerity

If '*efficiency*' has been the main headline of the last four years, it looks like '*priorities*' will take-over between now and 2020.

Local authorities will have to reassess what they are there to deliver.

The new Parliament's savings, for 2016-18, will be twice as deep

More needs to be done as fiscal consolidation enters the next very challenging phase



Plans for RDEL, excluding depreciation up to 2015-16. Beyond 2015-16 based on implied PSCE in RDEL, calculated from the Government assumption for TME. Other includes unallocated amounts.
Source: OBR Economic and Fiscal Outlook, March 2014; HM Treasury Budget 2014; HM Treasury Public Expenditure Statistical Analyses, July 2013.

Level of savings from Current Year 2014-15 to 2017-18 (£m)

The overall budget reduction, which includes the savings already agreed for 2015-17, amounts to just over **£145.5m**. This is made up of grant reductions and demographic change.

	2015-16	2016-17	2017-18
Annual Gap.	3.8	18.2	51.7
Annual Savings	40.0	31.8	
Total savings reqd	43.8	50.0	51.7
Cumulative	43.8	93.8	145.5

And it goes on - savings required for 2018-20

The Office for Budget Responsibility reports a lower level of public sector savings for the later years, compared to 2016-18. Officers project a savings requirement of just over **£61m**.

	2018-19	2019-20
Annual Gap.	30.4	31.1
Annual Savings		
Total savings reqd	30.4	31.1
Cumulative	30.4	61.5

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What's it all mean?

- We have to have **bolder solutions**. The past devices cannot deliver the level of reductions we face, over the longer timescale than previously envisaged. For example, service and commissioning provision across the County with the NHS.
- We have to have a **strategic approach** to choice. It has to manage demand across the County, rather than accept unsustainable costs.

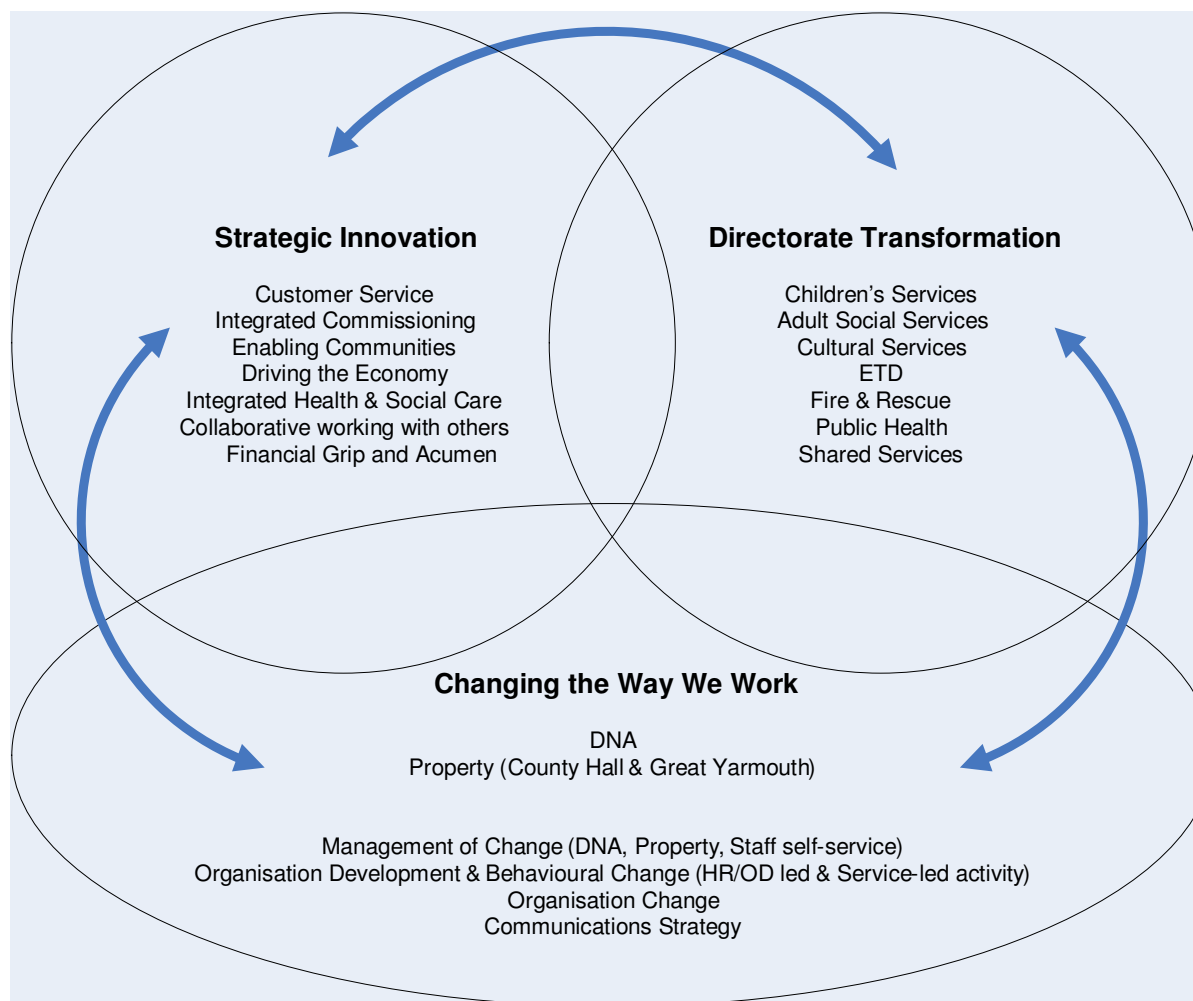
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What next?

The July Committee cycle is ideal to explore the shape of the budget process and the major challenges for each Committee.

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Norfolk County Council Change Programme



Annex 3 Ten Savings categories

The objective is to create a framework, through which to view the budget process, and ensure a complete approach. The first 8 items do not affect Residents, whilst the last two, directly affect Residents. The objective is to increase the former.

	Type of Saving	Examples	Explanation Measure/baseline/target	Range of saving £k (to be completed)
Not Affecting residents				
1	Organisation	Reduce the number of departments	Brigade like-services, having clarified what is strategic, in preparation for a smaller officer core.	
		Spans of control	Apply a model whereby there is a minimum number reporting to an officer, and there are no 'one-on-ones'. KPMG measure: 1:7 spans of control. Produce structure charts	
		De-layering	The KPMG measure is 4 layers between the CE and the Frontline – apply such a model to the whole Council. Use structure charts.	
		Centralisation/Standardisation of functions	Review common functions, to provide the service to a model, that is consistent and 'light touch' centralised / standardised across Departments exploiting improved technology and templates. Examples include: <ul style="list-style-type: none"> • Administration – KPMG measure 1:8 Admin to Frontline • Customer services, • Policy, • HR, • Finance • Secretaries. 	
		Improved competence	Deal with issues of underperformance allied with better training. Use re-application for jobs to enforce.	

	Type of Saving	Examples	Explanation Measure/baseline/target	Range of saving £k (to be completed)
2	Lean	Improved Processes/Pace (Business process re-engineering)	Do we need to do it, and if we do, can the steps in a process be reduced, or shorten the time taken.	
		Automation	Empower the end user to complete a task without officer intervention. Self help model for customers. Also, eliminate cheques - shift towards electronic	
		IT systems	Not only improve the reach of IT, for example an integrated system for personalised care, but also review existing systems to reduce ongoing running costs (eg SAP) and ensure the sizing is consistent with the smaller Council. This might mean a one off cost for future lower ongoing costs. Invest to save using IT as mechanisms	
		Better ways of working, end to end (Business process re-engineering)	Are there better ways, for example using texts and emails rather than letters. Green initiatives to reduce running costs (spend to save/Green Deal)	
3	Procurement	The way forward	<ul style="list-style-type: none"> • Project initiatives • Contract lettings • Contract performance • Category Management / Sourcing Plan • Specification rationalisation • Supplier management • Registration of existing contracts • Minimise off contract buying 	
		Revisit inflation assumptions	Not only in contracts, but in budgets (also, see 10).	
4	Shared Services	With other organisations, most obviously, neighbouring Councils	Not only the strategic functions, but also services, for example waste collection.	
		Insource	Take back services, re-package and provide cheaper,	

	Type of Saving	Examples	Explanation Measure/baseline/target	Range of saving £k (to be completed)
			maybe by re-outsourcing. Controversially, voluntary organisations!	
		Outsource	Use of trusts/mutual's etc as well as 'private sector'. Try to follow the procurement precepts of 'shaping the market'.	
5	Capital	No unsupported expenditure (USB = unsupported borrowing)	Work to eliminate unsupported borrowing, unless it has a recognised payback period. That is, distinguish between good and bad USB.	
		Become debt free	Use reserves, which get little interest to pay off debt and minimise the exposure to interest variations. Another variant is to buy out PFI schemes	
		Gating process & Project /Programme Management	Introduce to ensure closer control and, usually, lower revenue costs, through a better view of output.	
6	Terms and Conditions	Avoid costs	Eliminate overtime, shift, performance payments etc	
		Leave	Remove the local discretionary days; consider changes to national T&C's, for example, if staff want more leave than 15 days, they can 'buy it'. Look at other T&C's.	
		Sickness	Robust approach, which might include no pay on sick days (eg first 3 days).	
7	Sweat the assets	Asset sales	Timing may be important, but divesting the Council of assets, eliminating running costs and repaying debt is a virtuous circle. Controversial sales idea – parks.	
		Re-negotiation of leases	Is there a backlog on renegotiations, which results in assets that produces a poor return	

	Type of Saving	Examples	Explanation Measure/baseline/target	Range of saving £k (to be completed)
		Fees & Charges	Strategy for ensuring market congruence. Deloitte's have a national programme of comparison and examples.	
		Money/Cash Management	Improve collection performance (speed and total percentage), reduce debt and free up debt provisions; Improve investment performance	
8	Change Assumptions	Inflation Demographics Income (RSG/Govt/DSG) Risk	No general inflation, but specific contractual Revise, review Autumn Govt announcement incl CSR's and OBR Challenge risk appetite; reduce recurrent budget by having adequate reserves.	
		Blue sky thinking	Example: to reduce maintenance costs, convert several parks into woods/forests, which is also a green initiative.	
Affecting residents				
9	Change Standards	Reduce the standards to which a service is provided	Examples include, Social Service provision going to 'critical', free provision being means-tested, winter gritting applied to a reduced mileage of roads, removal of 'Green Flags' standards for Parks, fortnightly bin collection.	
		Price performance	Use price performance comparisons with other local authorities to discover areas of underperformance	
10	Stop doing things	Decide what to stop providing	For example, provide Adults, Children, Fire, Schools, waste collection and roads/pavements. Consider the remainder carefully	

Annex 4 - the Demand Framework

There are five types of change, including inflation. The failure to track these accurately over the Medium Term (MT) planning period, results in the phenomena called “pressures”, whereby the spending is greater than the budget, for inadequately explained reasons. Underlying all types of change are the twin matters of pace and range, that is, how fast is the change happening, and how far will it go in the planning period.

The five types of change are Economic, Demographic, Policy, Technological and Climate; they are considered in detail below. The consistent theme that runs through the analysis is that data on volumes and price are a requirement to undertake the modelling necessary for a proper MT Financial Strategy (MTFS):

1. Economic

The level of economic activity will affect the demand for services; for example, a rising level of unemployment would increase welfare demand (rebates). It could also cause switching behaviour, such as increased bus or cycle usage together with less parking revenue. The issue of inflation would be addressed here.

2. Demographic

Changes in population, household formation and the provision of accommodation, will bring changes in demand, as well as alterations to Government grant. The analysis of population change should differentiate over age categories, which should be broadly aligned across four ages, pre-school, learning, working and retirement.

3. Policy

External examples from Government include the requirement to move to individualised care packages, subsidy for a nil Council Tax change, and the cessation of specific grants. The Government can also signal changes via an alteration to resource arrangements; NHB or CIL are examples. A change in standards – eg, safeguarding – as opposed to new policies, can increase or reduce demand for resources. Internal examples are excluded for it is suggested they are responses to change.

4. Technology

Citizen enablement has brought about increases in demand (FOI requests) and decreases (online information gathering) as well as changing economic activity (home working). Internal improvements to processes are, again, regarded as a response to change.

5. Climate

At a mundane level, colder winters, increased rain and/or hotter summers require changed responses from the Council. At an ecological level, the carbon and waste responses are examples of world-wide requirements.

Annex 5 The 2014-17 savings, already agreed

<u>Savings</u>	2014/15	2015/16	2016/17	2014-17
	£m	£m	£m	£m
Adult Social Care Committee	14.702	15.395	9.040	39.137
Children's Services Committee	13.160	7.710	13.391	34.261
Communities Committee	5.538	0.720	1.903	8.161
Environment, Development & Transport Committee	14.502	-0.082	1.506	15.926
Policy & Resources Committee	20.365	-3.019	5.981	23.327
	68.267	20.724	31.821	120.812

<u>Funding Increases</u>	2014/15	2015/16	2016/17	2014-17
	£m	£m	£m	£m
Adult Social Care Committee	4.219	15.000	0.000	19.219
Children's Services Committee	0.000	0.000	0.000	0.000
Communities Committee	0.015	0.003	0.000	0.018
Environment, Development & Transport Committee	0.000	0.000	0.000	0.000
Policy & Resources Committee	9.155	4.296	0.000	13.451
	13.389	19.299	0.000	32.688

<u>Total</u>	2014/15	2015/16	2016/17	2014-17
	£m	£m	£m	£m
Adult Social Care Committee	18.921	30.395	9.040	58.356
Children's Services Committee	13.160	7.710	13.391	34.261
Communities Committee	5.553	0.723	1.903	8.179
Environment, Development & Transport Committee	14.502	-0.082	1.506	15.926
Policy & Resources Committee	29.520	1.277	5.981	36.778
	81.656	40.023	31.821	153.500

Savings for 2014-17				
ADULT SOCIAL CARE COMMITTEE				
		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	BUDGET SAVINGS			
4	Re-negotiate contract for buying and leasing mini-buses	0.090		
4	Reducing the costs of business travel	0.108	0.099	0.090
4	Renegotiate the Norse bulk recharge		0.106	
4	Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least to transport to another day service		0.100	
6	Electronic Monitoring of Home Care providers			0.500
6	Review block home care contracts	0.300	0.100	
6	Review of agreement with Mental Health Trust	0.500		
6	Review of Norse Care agreement for the provision of residential care	2.000	1.000	1.500
6	Review of respite care	0.300		
8	Reduction in Business Support	0.100		
8	Community Safety	0.110		
8	Decommission offices, consolidate business support		0.150	
9	Reducing controllable spend in Community Services	0.640		
9	Reduce training budget	0.500		
13	NHS: Invest to save	1.804		
14	Further Savings from PCSS (Personal Community Support Service)	0.250	0.250	
14	Review Care Arranging Service		0.140	
18	Joint senior manager posts with Health	0.200		
18	Integrated occupational therapist posts with Health		0.100	
18	Assistant grade posts working across both health and social care		0.050	
20	Trading Assessment and Care Management support for people who fund their own care			0.050
20	Economic Development securing more funding for key care services		0.750	0.750
30	Change the type of social care support that people receive to help them live at home	0.200	0.200	
31	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	2.000	6.000	3.000
32	Cut the costs of the contract with the provider delivering community health support to people with a learning disability	0.960		
33	Changing how we provide care for people with learning disabilities or physical disabilities	1.000	2.000	3.000
34	Work better with the NHS to deliver the Reablement and Swifts Services and look to share costs equitably.		3.000	
35	Scale back housing-related services and focus on the most vulnerable people	1.200	1.200	
36	Reduce the number of Adult Care service users we provide transport for	1.800	0.150	0.150

		2014-15	2015-16	2016-17
		£m	£m	£m
37	Stop ongoing (revenue) spend on the Strong and Well programme	0.500		
66	Charge people who fund their own social care the full cost of transport	0.140		
	Sub total Savings	14.702	15.395	9.040
	FUNDING INCREASES			
	Local reform & community voices (DH revenue) grant	0.023		
	Increased NHS Social Care Funding	4.196	15.000	
	Sub total Funding Increases	4.219	15.000	0.000
	TOTAL	18.921	30.395	9.040

Savings for 2014-17				
CHILDREN'S SERVICES COMMITTEE				
		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	BUDGET SAVINGS			
2	To review the procurement of existing ICT systems with Children's services	0.100		
4	Re-negotiate contract for buying and leasing mini-buses	0.136		
4	Reducing the costs of business travel	0.126	0.115	0.105
4	Review how we purchase yellow buses	0.205		
4	Replace some yellow buses	0.049		
8	Reintegration of business support into operation teams	0.375		
8	Review senior management and commissioning structures		0.090	0.090
12	Reduced retirement costs for teachers			0.400
19	Improve the way we support, challenge and intervene in schools	0.850		
21	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	5.215	8.410	8.484
21	Children's Services Review – use of one off reserves to delay savings to 2015-16	2.000	-2.000	
22	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill			1.912
23	Reduce the funding for restorative approaches	0.160		
24	Stop our contribution to the Schools Wellbeing Service, Teacher Recruitment Service, Norfolk Music Service and Healthy Norfolk Schools Programme and explore if we could sell these services to schools	0.474	0.215	
25	Change how we support childminders, nurseries and other childcare providers	2.670		
26	Reduce the cost of transport for children with Special Educational Needs			1.000
27	Reduce the transport subsidy provided to students aged 16-19		1.000	1.000
28	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending			0.250
29	Reduce funding for school crossing patrols		0.150	0.150
64	Change the support we give to families, children and young people	0.300		
	Early Help system	0.500		
	Total Savings	13.160	7.710	13.391
	TOTAL	13.160	7.710	13.391

Savings for 2014-17 COMMUNITIES COMMITTEE				
		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	BUDGET SAVINGS			
8	Restructuring – Museums	0.140		
8	Restructuring Record Office	0.070		
8	Energy savings in Record Office	0.020		
8	Administrative efficiencies in Adult Education	0.010		
9	Administrative efficiencies	0.104		
9	Reducing controllable spend in Community Services	0.058		
16	Renegotiating Joint Museums funding	0.050		
20	Museums - Gift Aid and Cultural Exemptions	0.200	0.354	
20	Museums - Income generation and external funding	0.101		
20	Norfolk Record Office - Increased income generation	0.030	0.020	0.010
20	Develop community and commercial links - records office	0.030		
38	Reduce spend on library books and other materials	0.350		
39	Reduce the number of library staff - managers	0.050		
39	Reduce the number of library staff	0.350		
40	Charge for some activities provided in libraries	0.030		
41	Share library buildings with other organisations	0.180		
42	Reduce how often mobile libraries call at some places	0.109		
43	Reduce funding for the arts service, including arts grants	0.110		
44	Close Norfolk Records Office on Saturday mornings	0.012		
45	Stop or scale back the availability of music and play sets from the library	0.010		
46	Send overdue item reminders electronically	0.020		
4	Priority based budgeting - Fleet maintenance and fuel costs	0.097		
4	Priority based budgeting - review of spend on operational equipment and supplies	0.100		
8	Priority based budgeting - staffing review	0.100		
8	Current IRMP 2011-14	0.297		
8	Building Maintenance	0.036		
9	Training and Development Efficiencies	0.105		
16	Contribution to external services	0.007		
55	Purchase different, cost effective fire vehicles for some stations	0.724	0.074	0.227
56	Stop supplying and fitting free smoke detectors	0.080		
	Priority based budgeting – reducing personnel and staffing costs	0.102		
	Reduced cost of ICT refresh			0.100
	PV Feed-in tariff	0.043		
	New budget saving proposal	0.079		
16	Enhanced multi-agency working on emergency planning		0.040	
20	Changes to the delivery of road safety education and evaluation to make greater use of community resources			0.200

		2014-15	2015-16	2016-17
		£m	£m	£m
47	Scale back Trading Standards advice to focus on the things we have to do by law		0.250	
48	Charge for advice to business from our Trading Standards Service			0.020
7	One off use of the customer services development reserve	0.122	-0.122	
8	Introduce a new staffing structure for the Registration Service	0.050		
8	End the intern scheme in Customer Services and Communications	0.013		
8	Do not fill vacant posts in the Customer Services and Communications team	0.050		
8	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	0.086	0.004	0.021
8	Reduce the cost of providing a Coroners Service	0.055		
9	Reduce controllable spend (eg training & subscriptions) in Customer Services and Communications	0.028		
15	Efficiency savings arising from public health skills and resources to remove duplication	1.205		1.275
20	Increase charges for Registration Services	0.080	0.050	0.050
57	Reduce funding to organisations that support and represent the local voluntary sector	0.045		
58	Move the historical registration records to the Norfolk Record Office		0.050	
	Sub total Savings	5.538	0.720	1.903
	FUNDING INCREASES			
	Fire revenue grant	0.015	0.003	
	Sub total Funding Increases	0.015	0.003	0.000
	TOTAL	5.553	0.723	1.903

Savings for 2014-17				
ENVIRONMENT, TRANSPORT & DEVELOPMENT COMMITTEE				
		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	BUDGET SAVINGS			
2	Replacement of BusNet system with SMART ticket machines	0.060	0.100	
2	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys			0.135
3	Procurement of new contracts to deliver highway and related services	4.400		
4	Reduction in the number of hired highway vehicles	0.150	0.150	
4	Reducing the costs of business travel	0.038	0.034	0.031
7	Ongoing review of ETD reserves	0.150		
8	Re-organise the way we deliver some services and associated back office redesign.	0.150		
8	Organisational redesign and associated changes.	1.100		
8	Review budget allocations for economic development projects		0.147	0.090
13	HRWC: Invest to Save	0.300		
16	Collaboration with peer authorities for delivery of specialist minerals and waste services			0.005
17	Renegotiate concessionary travel schemes with bus operators	0.350	0.350	0.350
20	Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term.	0.010	0.041	0.072
20	Attract and generate new income for Historic Environment services with a view to service becoming cost neutral in the long term.	0.007	0.026	0.046
20	Full cost recovery for staff in Smart ticketing project	0.040	0.250	
20	Full cost recovery for delivery of travel plans with developers	0.048	0.050	0.052
20	Reduce NCC subsidy for park and ride service by ongoing commercialisation.	0.275	0.075	0.075
20	Enhanced Street Works Regulatory regime (introduce cost recovery)	0.400		
20	Increased income from delivery of specialist highway services to 3rd parties		0.050	0.100
20	Generation of external funding and grant programme management efficiencies			0.100
20	Review of fees and charges to enable full cost recovery	0.400		
	Improving processes and working arrangements in ETD	3.000	-1.000	
20	Review NCC technical capabilities to see whether services that are currently contracted out could be delivered in house	0.050		
49	Charge people for the advice they receive from us prior to submitting a planning application	0.013	0.010	

		2014-15	2015-16	2016-17
		£m	£m	£m
49	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	0.100	0.125	0.150
50	Reduce our costs of consulting on planning applications	0.037		
51	Scale back planning enforcement		0.037	
52	Charge for site inspection reports for operators of mineral and waste sites		0.005	
53	Reduce our subsidy for the Coasthopper bus service	0.075	0.075	
54	Reduce highway maintenance for one year	1.000	-1.000	
59	Cut the cost of providing school transport	0.250	0.060	0.020
60	Charge for the disposal of tyres at recycling centres	0.039		
61	Stop routine disposal of paint at recycling centres	0.300		
62	Charge at some recycling centres			0.280
63	Reduce opening hours at some recycling centres		0.167	
5	Recycle street sweepings	0.230		
5	Vary existing disposal contract to reduce costs on 40,000 Tonnes of Waste	0.080		
5	Renegotiate existing contracts to reduce the cost of 10,000 Tonnes of Waste	0.020		
5	New Service level agreement for County Council recycling centres	1.400		
20	Use closed landfill sites to generate additional income	0.030		
16	Harmonisation of statutory recycling credit payments		0.166	
	Total Savings	14.502	-0.082	1.506
	TOTAL	14.502	-0.082	1.506

Savings for 2014-17				
POLICY & RESOURCES COMMITTEE				
		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	BUDGET SAVINGS			
1	Restructure staff management in Procurement			0.050
1	Reduce staff in Procurement by introducing e-tendering	0.036		
1	Reduce staff in Procurement by introducing automated document assembly		0.050	
1	Continued efficiencies in tendering and contract management in Procurement			0.083
1	Mobile Data Management (Member Tablets)	0.030		
2	Savings in ICT (one off)	0.010	-0.010	
2	Replace current ICT systems, introducing cheaper solutions	0.017		
4	Reducing the costs of business travel	0.019	0.017	0.016
4	Reducing the costs of employment		0.440	0.860
7	Take out areas of underspend from the Procurement budget	0.079		
8	Stop using temporary staff in Procurement	0.012		
8	Restructure and reduce the number of corporate and business support staff in Democratic Services	0.065		
8	Restructure and reduce staff supporting democratic processes	0.070		
8	End the intern scheme in Customer Services and Communications	0.013		
8	Do not fill vacant posts in the Customer Services and Communications team	0.050		
8	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	0.087	0.005	0.021
8	Reduce staff in the Corporate Programme Office	0.100	0.100	
8	Reduce staff in the HR Reward team	0.061	0.018	0.018
8	Reduce staff in the HR Strategy team	0.062		
8	Reduce staff in the Health, Safety and Wellbeing team in HR	0.066		
8	Restructure and reduce staff across HR	0.176	0.296	0.308
8	Restructure and reduce staff in ICT Services	1.800		
8	Review and reshape the responsibilities of the Chief Executive's role	0.031		
8	Reduce spend on properties with 3rd parties	0.300	0.200	0.100
8	Office moves for some HR teams	0.015	0.015	
8	Consolidate support services into a reduced number of service groups		1.000	
8	Commercial and industrial waste produced by NCC premises	0.037		

		2014-15	2015-16	2016-17
		£m	£m	£m
9	Reduce controllable spend (eg training & subscriptions) in Customer Services and Communications	0.028		
9	Reduce staff supporting organisational development and learning and development	0.094	0.039	
9	Reduce controllable spend (eg training & subscriptions) in HR	0.116		
9	Reduce spend on attendance at the Royal Norfolk Show	0.028		
9	Spend less on organisational development and learning and development	0.065		
10	Restructure the Corporate Resources department to reflect a smaller council	0.042	0.400	
10	Reduce staff in Finance by increasing use of technology and changing business processes	0.800	0.160	
10	Reduce spend on postage	0.048		
10	Reduce printed marketing materials	0.054		0.054
11	Percentage staff saving from integration of customer insight into new corporate business intelligence function	0.005		
11	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	0.275	0.188	0.115
20	Increase income from services we sell to schools	0.018		
20	Increase income from Nplaw	0.298	0.058	0.051
	County Hall refurbishment savings		0.279	0.751
	Use of organisational change reserves (one-off)	3.000	-3.000	
	New Homes Bonus	0.904	0.905	1.529
	Cross cutting savings	0.460	-0.194	
	Use of second homes money	1.200	1.200	1.200
	Reduction in redundancy		1.500	
	Reduced cost of borrowing	1.974	0.479	0.825
	Norse dividend	0.600		
	Use of organisational reserves (one-off)	1.000	-1.000	
	Use of Icelandic Bank Reserve (one-off)	1.453	-1.453	
	Use of Modern Reward Strategy reserve (one-off)	0.547	-0.547	
	Increase due to second homes council tax	0.056		
	Interest receivable/payable – change to risk appetite (one-off)	4.164	-4.164	
	Sub total Savings	20.365	-3.019	5.981
	FUNDING INCREASES			
	Increased public health grant	0.835		
	Business Rates capping compensation	1.879		
	New Homes Bonus adjustment grant	0.465	-0.477	
	New Homes Bonus adjustment grant		1.214	
	Social Fund (Local Assistance Scheme) Grant Income	2.275		
	Council tax freeze grant	3.526	3.559	
	Business Rates 2013-14 surplus	0.175		
	Sub total Funding Increases	9.155	4.296	0.000
	TOTAL	29.520	1.277	36.778

Policy & Resources Committee

Item No...15...

Report title:	Digital Norfolk Ambition Update
Date of meeting:	14 July 2014
Responsible Chief Officer:	Tom McCabe
Strategic impact This report provides an update on the Digital Norfolk Ambition Programme. This vital programme is seeking to urgently address the Council's technology provision and management of data through the implementation of a raft of new initiatives. This programme reflects the need to better use information and technology to underpin services into the future.	

Executive summary

A report will be provided on a regular basis to provide the committee with updates on all progress.

This report provides a high level status update and brief review of financials to date.

Over the past 18 months there have been a number of issues with both the Council's technology provision and with how it handles and manages information.

From a technology standpoint there have been failures to both e-mail platforms and the data centre causing significant business and reputational impact. There have also been other issues which have been managed, but could have caused other similar difficulties. These have included repeated failures to air conditioning systems within the data room and a flood in the basement of County Hall.

The DNA programme will address these issues through moving NCC systems to resilient purpose built locations and moving e-mail to a platform supported by Microsoft.

The initial delivery for most staff are new laptops which are needed to replace old equipment.

The programme is progressing well, some milestones are slipping slightly; however, there are no critical issues holding up progress.

The information and technology security landscape continues to change and we are working to address changes in policy and statute.

Recommendations:

- 1) To note the report, and explore any issues in more detail.**
- 2) To agree to receive reports on a regular basis.**

1. Background

- 1.1 At the meeting on 8 April 2013, Cabinet approved the strategic outline case for the DNA and the implementation of a new technology and information model comprising:
- Secure and flexible cloud computing services
 - High bandwidth networking service to provide access to the internet and cloud
 - Managed desktop to provide choice of device (tablet, laptop etc.) and modern collaboration and office tools
 - Norfolk Information Centre to allow the collation, sharing and linking of data
 - A redesigned ICT Organisation that will support the above model
- 1.2 A Full Business Case was brought to Cabinet in October 2013. This demonstrated how the outline business case had been progressed and the procurement team had been in dialogue with two bidders. It also detailed a revised financial model to ensure that the authority was able to leverage a refreshed and modernised technology platform from its budget allocation whilst at the same time generating savings in the region of £10.7 million over a five year period.
- 1.3 A contract with HP was signed on 2 December 2013.

2. Proposal (or options)

Technology Delivery

Desktop Delivery

- 2.1 The first new devices will be provided to staff moving to the refurbished 8th floor at County Hall on July 21st in preparation for their move to their new office. Technology will allow them to work remotely from home or other offices. E-mail will be migrated to the new 'Office 365' environment targeted at July 12th. All moves and deployments are dependent on successful testing.

Servers, Systems and Hosting

- 2.2 From a technology standpoint there have been failures to both e-mail platforms and the data centre causing significant business and reputational impact. There have also been other issues which have been managed, but could have caused other similar difficulties. These have included repeated failures to air conditioning systems within the data room and a flood in the basement of County Hall.
- 2.3 In light of these difficulties there is an urgent need to move ICT infrastructure out of County Hall. This work is progressing, new links have been installed to HP data centres and our new environment is ready. The first servers to support the management of this new environment have been built.

Information Management

Information Hub

- 2.4 At the heart of the organisation's new approach to management of information is the information hub. This will allow users from across the Council to see information from multiple sources where the nature of their job allows. There is an increasing need for users, both operational and commissioning, to see information pertaining to a service or person from many sources. The hub will allow controlled, audited and managed access to data that can be automated if required, saving time and effort but also supplying staff and members evidence and information in almost real time.
- 2.5 The development of the Hub is progressing well.
- The Data Warehouse high level design is complete and sample data from source systems has been collected.
 - Data collection for the matching of records is progressing and the business rules for merging and matching the data have been completed.
 - HP IDOL, an enterprise search tool has been tested.
 - Staffing structures to support the hub are in place.

Information Compliance

- 2.6 In the modern environment, an organisational focus on information compliance and security is vital. The protection of information relating to citizens used as part of service delivery is absolutely critical and members should play a lead role in this regard.
- From the start of the Information Management (IM) Service in April 2013 there was a downward trend in the reporting of data protection breaches. The likely reason for this could be as a result of the centralisation of the reporting and the transition process of this from the departments to the IM Service. Once the IM Service established itself and communicated its remit and processes to the wider organisation there has been an increase in the number of breaches reported, creating a month on month upward trend. There could be two reasons for this; (1) better reporting of data protection breaches, or (2) an increase in the number of breaches. A detailed analysis is currently underway to determine the reasons for this upward trend.
 - The IM Service is undertaking a piece of work to develop and deliver a tailored programme of data protection training for children social workers and employees with direct access to confidential service user information.
 - The IM Service with colleagues within Adult Social Care are undertaking a pilot for social workers to undertake the NHS IG Training Toolkit which is designed by the Health and Social Care Information Centre (HSCIC).

The three main benefits of this online course are:

- (1) It is designed for Health and Social Care professionals.
 - (2) It requires annual completion and a pass rate of 80%.
 - (3) It is used by NHS providers and will create a culture of mutual trust between organisations.
- NCC has recently been accredited with Level 2 compliance of the NHS Information Governance Toolkit.
 - The IM Service are working with colleagues within Corporate Communications and Organisational Development to roll out an organisational wide data protection education campaign, sponsored by COG, to change the culture around working with sensitive citizen information.
 - ICT Shared Services (ICTSS) are fully engaged with Finance review to the way the way the authority handles card transactions.

3. Financial Implications

- 3.1 **Finance:** The financial model presented to Cabinet in April is based on projected expenditure against existing budget provision. The majority of the budget is currently allocated directly to ICT Shared Services; however the model also takes into account budget for both desktop devices and networking which is allocated to other departments. Against the overall ICT budget the model details potential savings of £10.7 million. Cabinet were advised in April 2013 that these savings would be validated during the course of this procurement and indicative pricing during dialogue has confirmed that this model remains valid.
- 3.2 Finance are working within the programme team and are monitoring spend against contract with the ICT contract manager. Current spend and projections are within the detailed business case.
- 3.3 **Staff:** The ICT & IM service delivery model is being redesigned to support the delivery of new technologies into the future and meet the service requirements of the County Council and its partner organisations. It is not anticipated that this contract will result in the transfer of staff to the supplier. Implementation of the DNA programme will be a significant project and will require resource within all departments. At this stage, it is anticipated that this can be delivered within existing resources. These will work alongside a significant project team from the selected supplier.

- 3.4 Further savings have been made to address current saving challenges with £2.1m coming out of the ICT staffing budget over the past 5 months. Given the backdrop of DNA and the need to continue running the service this has been very challenging. Staff have pulled together and service has been maintained and good progress has been made on the vital DNA programme.
- 3.5 **Property:** The DNA programme will support the implementation of the Council's estate strategy. It may also enable some space at County Hall to be released for other uses.
- 3.6 **IT:** The Digital Norfolk Ambition programme will be delivered as part of the NCC ICT Programme during 2014/15. Delivery of the project will impact all areas of ICT Shared Services as operational services will need to be maintained up to, during and after implementation.

4. Issues, risks and innovation

- 4.1 In order to meet the savings targets and address the immediate organisational issues, the implementation of new client, cloud and information hub services will need to be delivered at a pace which will be challenging.
- The contractual nature of DNA will mean that NCC will need to commit resources to achieving the agreed targets and milestones from all teams and services alongside all other organisational change.
 - The Authority will have to commit to the resourcing of this programme and accommodate the changes required in the project timescale.
 - In order to realise the financial benefits, business teams and staff will need to work differently. The project will require commitment at all levels of the organisation to fully effect this change and deliver the benefits.
 - The contract and management processes for DNA will enable significantly greater visibility of ICT costs. There will be a need for more robust business cases where ICT investment is required and effective governance to avoid business changes which can result in abortive ICT costs.
 - The contract will mitigate several significant risks, in particular those associated with the current data centre, the general lack of ICT resilience and the unsupported operating system.

5. Background Papers

- 5.1 8 April 2013 Cabinet report – Digital Norfolk Ambition, including a copy of the Strategic Outline Business Case.
- 5.2 8 July 2013 Corporate Resources Overview and Scrutiny Panel report – Digital Norfolk Ambition Programme

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:

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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.