Norfolk County Council

Policy and Resources Committee

Date:	**Tuesday, 31 May 2016**
Time:	**10 am**
Venue:	**Edwards Room, County Hall, Norwich**

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

Membership

Mr C Jordan (Chairman)

Mr S Agnew
Mr M Baker
Mr M Castle
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

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

Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.

A g e n d a

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

2. Minutes **(Page 5)**

To agree the minutes from the meeting held on 21 March 2016

3. Members to Declare any Interests

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

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

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

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

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

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

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

5. Public Question Time

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

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223055) by **5pm on Wednesday 25 May 2016.** For guidance on submitting public question please view the Constitution at Appendix 10.

6. **Local Member Issues**

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

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 25 May 2016.** For guidance on submitting public question please view the Constitution at Appendix 10.

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<u>Section A – Items for Discussion and Decision/Action</u>

7 **Revenue Budget 2016-17 – Proposals for Allocation of Transitional Funding and Rural Services Delivery Grant** **(Page 18)**
Report by Executive Director of Finance

8 **Queen's Speech** **(Page 25)**
Report by Head of Business Intelligence and Corporate Planning

9. **Medium Term Financial and Service Planning** **(To Follow)**
Report by Executive Director of Finance and Head of Business Intelligence and Corporate Planning

10. **NORSE Group Business Plan 2016-2020** **(Page 29)**
Report by Norse Group Managing Director

11. **Disposals and leasing of properties** **(Page 59)**
Report by Executive Director of Finance

12 **Potential Use of Cash Balances** **(Page 94)**
Report by Executive Director of Finance

13. **Internal and External Appointments** **(Page 101)**
Report by Executive Director of Resources

14. **Syrian Refugee Crisis-Norfolk Response** **(Page 107)**
Report by Head of Business Intelligence and Corporate Planning

15. **Report of the Broadband for Schools Member Working Group** **(To Follow)**

<u>Section B – Items for Report</u>

16. **Finance monitoring 2015-16 outturn** **(Page 117)**
Report by Executive Director of Finance

17. **Delivering Financial Savings 2015-16** **(Page 158)**
Report by Executive Director of Finance

18. **Notifications of Exemptions Under Contract Standing Orders** **(Page 192)**
Report by Executive Director of Resources

19. **Asset Management Plan** **(Page 195)**
Report by Executive Director of Finance

20. **County Hall Programme** **(Page 214)**
Report by Executive Director of Finance

21. **Decisions taken under Delegated Authority** **(Page 237)**
Report by Managing Director

Group Meetings

Conservative	9:00am	Conservative Group Room
UKIP and Independent Group	9:00am	UKIP and Independent Group Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
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Date Agenda Published: 20 May 2016

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 21 March 2016
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chair)

Mr M Castle
Mrs H Cox
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Mackie
Mr I Monson
Mr S Morphew
Mr A Proctor
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

Substitute Members present:
Mr J Childs for Mr M Baker
Mr C Aldred for Mr S Agnew

Members Present:

Mr R Coke
Mrs C Walker
Ms S Whitaker
Mr B Spratt
Mrs M Stone

1.1 Apologies for Absence

1.2 Apologies for absence were received from Mr S Agnew and Mr M Baker.

Apologies were also received from the Chair/ Chairman of two service committees namely Mr Joyce and Mr P Smyth.

2A **Minutes**

2A.1 The minutes of the previous meeting held on 8 February 2016 were confirmed by the Committee and signed by the Chairman.

2A.2 With reference to the appendix to the minutes, the officers were asked to provide Mrs Leggett with a copy of the BT major incident report for the loss of Council internet access on 4th February 2016, including the recommended actions. Reference to this can be found at Appendix A to these minutes.

2B **Leader's Announcements**

2B.1 The Leader briefly explained the Norfolk features in the East Anglia Devolution agreement that were announced by the Chancellor in his budget speech in the previous week and was an item on the agenda for this meeting. He said that the Government had also chosen the budget statement to make a series of other important policy changes. He said that on education the forced "academisation" of all schools by 2022 was announced by the Chancellor, followed by the publication of a white paper on *Educational Excellence Everywhere.* This set out the Government's intention that all schools would be expected to become, or be in the process of becoming, academies by 2020, with all converted by 2022. The LGA had come out against the forced "academisation" of schools and the transfer of significant powers to unelected civil servants. The Council would continue to be responsible for school place planning and young people with Special Education Needs and Disabilities (SEND). The white paper would be subject to further consultation in the coming months.

2B.2 The Leader informed the Committee that the Norse Group had been recognised as one of ten companies across Europe in the category "Business of the Year Award with Turnover of €150M or Higher" by becoming a Ruban d'Honneur recipient for the 2015/16 programme of the European Business Awards. This award was for businesses which demonstrated exceptional financial returns, strong growth, innovation strategies and market leadership in its sector. The final presentation to the judges would be at the London Stock Exchange on 11 April 2016 with the single pan European winner for the category being announced at the final event in Milan on 17 June 2016. The Committee placed on record its congratulations to the company on being shortlisted for this award.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4. **Item of Urgent Business**

4.1 There were no items of urgent business.

5 **Local Member Issues**

5.1 There were no local Member issues.

Section A – Items for Discussion and Decision/Action

6 **Revenue Budget 2016-17 – Allocation of Transitional Funding and Rural Services Delivery Grant**

6.1 The annexed report (6) by the Executive Director of Finance was received.

6.2 The Committee received a report by the Executive Director of Finance that provided an overview of the Transitional Funding and additional Rural Services Delivery Grant for 2016-17, with an outline timetable proposed for the process for agreeing the use of this funding in 2016-17.

6.3 **RESOLVED:**

That the Committee agree the proposed timetable and process for decisions about the use of this additional funding in 2016-17 as set out in section 4 of the report.

7 **Managing Director's Strategic Update: Devolution for East Anglia**

7.1 The annexed report (7) (included with the supplementary agenda) by the Managing Director was received.

7.2 The Committee received an update report by the Managing Director on how Norfolk and Suffolk, and latterly Cambridgeshire and Peterborough, were working together towards a devolution deal to gain the maximum benefit possible for the area.

7.3 The Chair said that the draft devolution agreement (that was included as an appendix to the report) was between Government, the New Anglia LEP and 22 Councils. It followed a period of intense discussions involving all 23 councils across Norfolk, Suffolk, Cambridgeshire and Peterborough, the two Local Enterprise Councils, senior civil servants and Government Ministers. Cambridge City Council and the Greater Cambridge and Greater Peterborough LEP were the only authorities that had not agreed to sign the draft devolution agreement. It provided for the transfer of significant resources and powers from central government to the region including for infrastructure, housing, economic development, and employment and skills, which would positively impact on the lives of residents by helping create more jobs, more housing, improving the skills and employment prospects of residents and boosting the productivity of East Anglia.

7.4 The Managing Director informed the Committee that a deal worth over £1 billion was on the table, made up of £900m new infrastructure money, £175m new money for housing, together with local control and influence over other critical services including transport budgets and skills. The deal would see the establishment of a Combined Authority which would be responsible – together with an elected mayor – for the functions devolved to it from Whitehall. A Combined Authority did not merge councils, nor did it take on the running of existing council functions. It might, however, draw on staff from existing councils.

7.5 In response to questions, the Managing Director said that this was a fast moving agenda; the next step was for Leaders to develop the governance arrangements for the Combined Authority, and there would be a period of public consultation after June 2016. The final deal would be put to all councils in September 2016, before detailed legislation was put before Parliament. Elections for a mayor would be in May 2017.

7.6 Mr Morphew spoke about how the creation of an elected mayor and combined authority would add an extra two tiers of governance between ordinary people and decisions that affected them and could result in a demise of local democracy. He said that there were in his opinion better ways of devolving powers with limited resources that built on existing local democracy. He added that The Greater Norwich Joint Core Strategy was a case example of what could be achieved when existing tiers of local government worked together.

7.7 Other Members also put forward a wide range of views both in favour and against a devolution deal for East Anglia and the Chair said that all Members of the Council would be given every opportunity to put forward their views as the devolution agenda progressed. The Chair added that the Committee was only being asked at this meeting to agree on a means for taking the devolution agenda to the next stage.

7.8 The Committee placed on record its thanks to Fiona McDiarmid (Assistant Director Economic Development & Strategy) for the hard work that she and her team had put into the preparation of the draft devolution agreement.

7.9 **RESOLVED** (by 14 votes to 1 and with 2 abstentions)**:**

1. **To Recommend** that Full Council considers the draft Devolution agreement for East Anglia and endorses the next steps as set out in section 3 of the report.
2. That the Leader, with key officers, be authorised to continue to represent Norfolk's best interests in the next stages of the process of designing a scheme of governance and business plan.

8 **Performance Monitoring Report**

8.1 The annexed report (8) by the Head of Business Intelligence and Corporate Planning was received.

8.2 The Committee received a report by the Head of Business Intelligence and Corporate Planning that provided the latest performance position of services that were covered by this Committee, and brought together a summary of the most recent risk information which had previously been considered by the Audit Committee. In doing so the report presented each Committee's corporately significant 'Vital Signs' indicators. Vital signs were developed to reflect better the Council's priorities, and each Committees service strategies.

8.3 The Committee's attention was drawn to the request of the Adult Social Care Committee that two risks previously removed from the corporate risk register (mentioned at paragraph 4.2 of the report) should be reinstated. The Executive Director of Finance said that these risks would be mentioned in future monitoring reports.

8.4 Members asked for an explanation of the action that was being taken to address the two corporate risks mentioned in paragraph 4.4 of the report. Appendix B to these minutes sets out this information.

8.5 Members asked for a further information column to be added to the next version of

Appendix C to the report to explain the "vital signs" for each of the subject headings.

8.6 With reference to page 30 of the agenda, it was pointed out additional resources were being deployed to the ICT service desk to improve ICT response times and mitigate against a loss of service delivery.

8.7 **RESOLVED:**

That the Committee note the performance and risk information included in the report.

9 **NORSE Governance Review**

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

9.2 The Committee received a report by the Shareholder Representative, the Head of Law and Monitoring Officer and the Executive Director of Finance that set out the results of a review by the Council of governance arrangements in relation to the Norse Group of Companies. The report took account of legislative changes, the growth of the Norse Group, changes to the Council's own system of governance and changes to Senior Management.

9.3 It was suggested that the Committee should receive a progress reports on the activities of the Norse Group of companies. This would strengthen and provide greater accountability for the Council's financial and general governance of the Norse Group.

9.4 The Committee **RESOLVED:**

1. That the governance recommendations contained in Appendix 1 of the report and the consents recommendations by the Executive Director of Finance set out in Appendix 2 of the report be approved.

2. That the report be forwarded to the Audit Committee so that they can review the progress that has been made with implementing the recommendations of the governance review.

3. That a progress report is brought to a future meeting of the Policy and Resources Committee.

10 **Second Enterprise Zone – Establishment of New Anglia "Space to innovate"**

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

10.2 The Committee received a report by the Executive Director of Finance that set out details of the current position of ongoing negotiations between the

New Anglia Local Enterprise Partnership (the LEP), County Councils, and relevant District Councils to enable the establishment of a second Enterprise Zone in Norfolk and Suffolk – New Anglia: “Space to Innovate”. The final terms of legal agreements, including the share of income from growth in the zone to be received by the parties to the agreement, needed to be agreed as soon as possible in order to enable the establishment of the new Enterprise Zone, preferably from 1 April 2016. There would be a separate legal agreement between the LEP, County Council and relevant District Council for each site within the new Enterprise Zone. The agreements would have some variations to take account of any site-specific differences or issues.

10.3 It was suggested that all Members of the Council should be encouraged to provide feedback to the Executive Director of Finance on the success or otherwise of the second enterprise zone, after it had been agreed and prior to the review in 2020.

10.4 The Committee **RESOLVED** (by 8 votes to 0)**:**

1. To delegate to the Executive Director of Finance ((after consultation with a group of 4 members that consists of the Leader, the Deputy Leader and 2 Conservative Members of Policy & Resources Committee) the power to negotiate and settle the terms of an agreement for a second enterprise zone with other parties and to complete that agreement with those parties. If the terms of the agreement cannot be agreed then the matter should be reported back to the Policy and Resources Committee to reach a decision at the earliest available opportunity.
2. To note that the proposed agreement includes a review clause by 2020 to reflect the significant level of uncertainty around changes to the Business Rates system.

11 Amendments to the Constitution

11A Review of Financial Standing Orders (FSOs)

11A.1 The annexed report (11) by the Executive Director of Finance was received.

11A.2 The Committee received a report by the Executive Director of Finance that recommended a further amendment to the Financial Regulations of the County Council, reflecting the points raised at County Council in December 2015. These changes were considered by the Constitution Advisory Group on 9 March 2016.

11A.3 **RESOLVED to recommend to County Council:**

The changes to the Financial Regulations contained in the report.

11B Recommendations from the Constitution Advisory Group held on 9 March 2016

11B.1 The Vice-Chairman, Mr D Roper, took the Chair while the Committee considered the above mentioned item.

11B.2 The Committee received a report by the Executive Director of Resources that set out the recommendations made by the Constitution Advisory Group at its meeting held on 9 March 2016.

11B.3 **RESOLVED to recommend to County Council:**

1. The suggested Public Question Rules as set out in Appendix A to the report.
2. The suggested Committee Procedure Rules for dealing with motions as set out in Appendix B to the report.

(Mr G Nobbs in the Chair)

12 **Direct Property Development**

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

12.2 The Committee received a report by the Executive Director of Finance that supported Norfolk County Council (NCC) priorities by focussing on key objectives of the Council's Asset Management Plan to pro-actively exploit the latent value of the property portfolio and release capital resources for other purposes. In addition, the proposal for creating capability for direct property development supported the Council's Financial Strategy through commercialisation of assets to generate future income streams to support funding for service delivery.

12.3 Mr Jordan suggested that a small group of Members should carry out a careful assessment of the primary purpose of the proposed commercial property development company, the business objectives and the role and composition of the company board before the company was established.

12.4 The Chair confirmed that the report did not raise issues concerning the management of the County Farms Estate.

12.5 It was moved by the Chair, duly seconded,

That the Committee:

1. Approve the establishment of a commercial property development company and instruct officers to register Repton Homes Limited (RHL) and Repton Properties Limited (RPL) as private companies, with Norfolk County Council as the sole shareholder for both. Furthermore, to set up a small Task and Finish Group that includes 2 Members (one of whom should be the Leader) to explore issues concerning the establishment of the company.

2. Confirm that the primary purpose of the company is to generate income streams to support service delivery.

3. Confirm the composition of the Company Board to include 2 County Councillors, 2 external Non-Executive Directors and 4 County Council Officers.

4. Agree nomination of Cllrs. George Nobbs and Cliff Jordan as the founding directors of the two new companies. Directors will then be appointed annually, as part of the process for appointment to external bodies.

5. Agree that Repton Homes Ltd and Repton Properties Limited will be offered all NCC surplus properties and other assets, suitable for development, at full market value.

6. Endorse the business objectives and operating model for the RPL and note that the Board of the new company will focus on the development of a 5 year business plan, to be reported to P&R before commencing trading.

7. To set up a small Task and Finish Group to consider options for the establishment of a commercial property development company.

12.6 On being put to the vote there were 7 votes in favour and 10 votes against whereupon the motion was declared **LOST**.

12.7 It was then moved, duly seconded, and

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

To set up a small Task and Finish Group to consider options for the establishment of a commercial property development company. It was noted that the Task and Finish Group should consider whether to recommend officers to register Repton Homes Limited (RHL) and Repton Properties Limited (RPL) as private companies, with Norfolk County Council as the sole shareholder for both.

Section B – Items for Report

13 Finance Monitoring Report Period 10 - January 2016

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

13.2 The Committee received a report by the Executive Director of Finance that provided details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016, together with related financial information. The report also provided a brief commentary on Resources and Finance budgets which were the responsibility of this Committee.

13.3 The Executive Director of Finance confirmed that the use of the Council's reserves would require the approval of this Committee.

13.4 The Committee **RESOLVED:**

1. To note the period 10 forecast Revenue outturn of a balanced budget. Before the recent change in MRP policy, the net forecast overspend was

£0.817m on a net budget of £318.428m. After taking into account the change to MRP policy agreed at County Council 22 February 2016, a balanced budget is now forecast. (Previous period 9 forecast overspend £2.480m, period 8 £3.133m).

2. To note the creation of a Business Risk Reserve approved (as an integral part of future revenue budgets and reserves projections) by County Council on 22 February 2016. The value of the reserve is forecast to be £9.340m;
3. To note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
4. To agree the write off of the three debts > £10,000 totalling £48,362.36 listed in paragraph 4.4 of the report;
5. To note the forecast financial information in respect of Resources and Finance budgets which were the responsibility of this Committee, as set out in Appendix 2 of the report;
6. To note the revised expenditure and funding of the 2015-20 capital programme as set out in Appendix 3 of the report.

14 Delivering Financial Savings 2015/16

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

14.2 The Committee received a report by the Executive Director of Finance that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.

14.3 The Executive Director of Finance said that the specific actions set out in paragraph 2.9 of the report were put together with a view to delivering savings and reducing the current reported overspend however they also provided a useful starting point going forward into 2016/17.

14.4 **RESOLVED** to note**:**

1. The forecast total shortfall of £13.607m in 2015-16, which was being addressed through actions taken within service budgets and the Council's amendment to its MRP policy approved in February 2016, as detailed in paragraph 2.8 of the report.
2. The budgeted value of 2015-16 savings projects rated as RED of £18.865m, of which £4.051m were now forecast to be delivered.
3. The forecast savings shortfall on AMBER rated projects of £0.204m.
4. The forecast over-delivery of GREEN and BLUE rated projects totalling £0.411m.

15 **Decisions Taken Under Delegated Authority**

15.1 The Committee received a report (15) (together with an appendix containing exempt information at item 17) by the Managing Director that set out decisions taken in relation to property matters by officers under the "hierarchy of decision making" since the report to the previous meeting.

15.2 The Committee was asked to consider excluding the public from the meeting under Section 100A of the Local Government Act 1972 for consideration of the information contained in the appendix to the report (at item 17 on the agenda) on the grounds that it involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of the Schedule 12A to the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

15.3 Having applied the "Public Interest Test" it was **RESOLVED** to confirm the exclusion listed below:-

To exclude the public from the meeting under section 100A of the Local Government Act 1972 on the grounds that the appendix to the report dealt with information falling within one of the exempt categories in Part 1 of Schedule 12A to the Act, namely information relating to the financial or business affairs of a particular person.

Specifically, the appendix to the report dealt sets out details of disposals and specifically proposed disposals of properties at auction. The appendix therefore dealt with the financial affairs of the Council and to reveal the potential value of these properties to be auctioned would/could damage the interests of the Council.

The public interest in maintaining the confidentiality of the information was considered to outweigh the public interest in its disclosure.

15.4 **RESOLVED:**

To note the report.

16 **Exclusion of the Public**

This was agreed at minutes/items 15 and 18 on this agenda.

17 **Decisions Taken Under Delegated Authority-Exempt Appendix**

17.1 This exempt appendix was considered at minute/item 15 on the agenda.

18 **Exemption from Contract Standing Orders in Respect of Mental Health Block Contracts**

17.1 The annexed report (18) by the Executive Director of Adult Social Services was received.

17.2 The Committee received a report by the Executive Director of Adult Social Services (containing exempt information) about how Mental health commissioners were working across health and social care in the context of the Promoting Independence strategy. The aim over a two year period was to re-design services to provide new pathways and to link payment more closely to results. The Committee was asked to agree the letting of two one-year block contracts for specialist residential services in the greater Norwich area, whilst the service redesign was undertaken.

17.3 Having applied the “Public Interest Test” it was **RESOLVED** to confirm the exclusion listed below:-

To confirm the exclusion of the public from the meeting under Section 100A of the Local Government Act 1972 on the grounds that the report dealt with information that fell within one of the exempt categories in Part 1 of Schedule 12A to the Act, namely information relating to the financial or business affairs of a particular person.
Specifically, the report dealt with the financial affairs of two providers. The report detailed the Council’s plans for contracts which were of significant value relative to the turnover of the organisation concerned.
The Council also needed to complete negotiations with the two providers. Hence the report dealt with the financial affairs of the Council. To reveal the Council’s budget and other aspects of its negotiating position at this stage would damage the interests of the Council
The public interest in maintaining the confidentiality of the information was considered to outweigh the public interest in its disclosure.

17.4 **RESOLVED:**

1. To agree an exemption to Contract Standing Orders under Standing Order 9.14 in respect of the services listed in Appendix 1 to the report to allow for the creation of new one year block contracts. The costs of the contracts were set out in the report. The contracts were with MIND and St Martins Housing Trust for Highwater House.

2. To note that Adult Social Services Committee had endorsed the exemption at its meeting on 7 March 2016 but that under Contract Standing Orders the authority to grant an exemption lies with the Policy and Resources Committee.

The meeting concluded at 12.15 pm

Chair

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Appendix A to the Policy and Resources Committee minutes of 21 March 2016 —Minute 2A.2 refers. Update regarding the Major Incident on the 4th February where the Authority lost access to the internet.

Note from Kurt Frary ICT Infrastructure Services Manager ICT Shared Services

The Authority received a Major incident report from British Telecom relating to the incident which affected the Authorities access to the internet on Thursday 4th February 2016 between 10:15 and 21:30 including its ability to make payments via BACS transfer and access to online systems.
The report was reviewed by the Authorities Chief Technology Officer and network manager but was rejected as it did not contain enough detail and appropriate BT corrective action.
In the meantime, the following action has taken place

- **The fault has been rectified, which was due to an invalid configuration on a BT security box.**
- **A backup for the BACS payment process have been investigated, and we are now in the process of documenting the backup processes in the event that a similar fault should occur.**
- **BT are reviewing their escalation process to ensure it works as it should.**

A revised report has been requested from BT which is due 25/03/2016 but we anticipate all of the corrective actions will have been taken by the time it is delivered.

Appendix B to the Policy and Resources Committee minutes of 21 March 2016 —Minute 8.4 refers

See below

Corporate Risk Register - Norfolk County Council - Part A (ii) Risk Mitigations and Progress

Risk Register Name	Corporate Risk Register
Prepared by	Thomas Osborne
Date of review and/or	March 2016
Next update due	April 2016

Key: High = Red; Med = Amber; Low = Green; Met

CDG	Area	Risk Number	Risk Name	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Children's Services (NEW)	RM014a	Inability to reduce the amount spent on home to school transport	4	3	12	Continue to enforce education transport policy, and work with commissioners re school placements. Continually review the transport networks, to look for integration and efficiency opportunities. Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectively. Look for further, more innovative, ways to plan, procure and integrate transport. Overall risk treatment: reduce	Conversations with SEN commissioners in Children's Services ongoing. Consultant has been 'recruited' to help deliver new Inclusion strategy, including SEN transport savings. New School Inclusion Strategy should help to reduce the number of children accessing alternative specialist provision, but this will not really kick in until 2016/17 SEN budget has been split down to lower levels and regular data is being sent to decision-makers in Children's Services to enable further transparency and better budget monitoring. While student numbers continue to decrease in secondary and Post 16 education, spend is reducing.	2	3	6	31/03/2017	Red	Gordon Boyd	Richard Snowden and Michael Bateman	17/02/2016
C	Adult's Services - (NEW)	RM014b	Inability to reduce the amount spent on adult social care transport	4	3	12	Work with Adult Services to reduce the amount of transport needed, including highlighting high cost cases and unusual journey requirements. Continually review the transport networks, to look for integration and efficiency opportunities. Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectiviely. Look for further, more innovative, ways to plan, procure and integrate transport. Overall risk treatment: reduce	One Full Time Equivalent in Highways & Transportation now dedicated to helping ASSD transport savings programme. Regular data and costs are being sent to ASSD managers. ASSD have set up project governance and are working on analysing activity data, but problem remains that reviews of service users are not taking place quickly enough to progress change - ASSD SMT are aware.	2	3	6	31/03/2017	Red	Janice Dane	Catherine Underwood	18/11/15

Policy and Resources Committee

Item No 7

Report title:	**Revenue Budget 2016-17 – Proposals for Allocation of Transitional Funding and Rural Services Delivery Grant**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

This report provides the Committee with a summary of the proposals for the use of Transition Grant funding and additional Rural Services Delivery Grant held in the budget for 2016-17, respect of the services for which the Policy and Resources Committee itself is responsible. This will support the Committee to ultimately recommend a balanced package of proposals to the County Council for approval in July.

The report also summarises the timetable for the process to agree the use of this funding in 2016-17, which has been amended following the change in administration at the Council.

Executive summary

The Council received late notification of additional funding as part of the Final Local Government Finance Settlement on 8 February 2016. This funding was applied in the 2016-17 Budget to provide transitional funding to manage business risk. A process for making decisions about the use of this funding was agreed by this Committee in March 2016.

Proposals have been developed and considered by Service Committees. Those proposals relevant to budgets controlled by Policy and Resources Committee are set out in this report for Members' consideration.

Recommendation:

The Committee is asked to:

1. **Consider and comment on the proposals, and proposed priority ranking, relating to services which fall under the responsibility of Policy and Resources Committee;**
2. **Note the slightly amended timetable for the approval of proposals for the whole Council, in July.**

1. Background

1.1. The Final Local Government Settlement 2016-17 was confirmed by Parliament on 10 February 2016 and set out details of additional funding made up of Transition Grant and Rural Services Delivery Grant. There was also a small reduction in the Council's New Homes Bonus Grant allocation. These changes resulted in net additional funding from Government of £4.561m in 2016-17.

1.2. The County Council set aside this additional funding for 2016-17 as transitional funding to manage business risk. It was noted that the late notice of the additional funding had made it inappropriate to propose the allocation of the funding in the time available, and that Service Committees would wish to have the opportunity to comment on priorities for its use.

1.3. The following parameters for the use of the additional funding were set out:

- the money will be spent in the new financial year;
- any spending must be sustainable; and
- invest to save initiatives must be paramount.

1.4. The Council faces a number of significant budget risks in 2016-17, including:

- The outcomes of local Better Care Fund negotiations with the NHS;
- The outcomes of the Adults Cost of Care work;
- The pressure arising from National Living Wage in contracts; and
- The need to ensure delivery of savings proposals in 2016-17.

2. Decision-Making Timetable

2.1. Policy and Resources Committee approved a timetable for decision-making on the use of the additional funding available in March. As a result, Service Committees brought forward proposals in the **May 2016** committee round, taking into account the criteria set out at 1.3.

2.2. At this meeting Policy and Resources Committee is considering proposals in respect of the services under its control.

2.3. At the next meeting of this Committee, **18 July 2016**, Policy and Resources will consider the outcomes of all Service Committees' recommendations in order to recommend an overall package of activity to County Council to consider and approve on **25 July 2016**.

3. Policy and Resources Committee Proposals

3.1. Proposals for use of this additional funding relating to the budgets controlled by this Committee have been identified totalling £0.570m. The table below sets out further detail of these proposals.

Table 1: Policy and Resources Committee proposals for use of additional funding 2016-17

Ref	**Description of proposal** Provide a brief narrative summary of the funding bid, including details of: • how the proposal meets the criteria or is otherwise a priority. • any implications if the spending is not approved. • any impact on other areas of the budget / other services from this proposal.	2016-17 Funding requirement £m	Criteria: 2016-17 expenditure	Criteria: Sustainable	Criteria: Invest to save	Committee Priority Ranking 1= top priority 2,3,4 etc.
P&R01	**Improving the performance of the IT Service** As outlined in the performance report tabled at 21st March 2016 P&R Committee there are approximately 3,000 outstanding ICT incidents at present. The current resource is not sufficient to manage the volume of incidents being raised. The current Service Desk capacity enables them to deal with 200 calls and 168 emails a day but they receive an average of 400 calls and 350 emails each day. Analysis of the calls has identified some specific problems that when a solution has been identified and implemented will reduce the volume of calls but temporary resource is needed to deal with the backlog. In addition changes to the delivery model for IT support have been identified that will improve responsiveness and efficiency enabling the service to manage the anticipated number of future calls and therefore provide improved support to Services. *The proposal meets the criteria:* 1. Sustainability – the current backlog prevents essential service improvements being made. 2. Impact if funding not approved – IT services are unable to clear the backlog and bring the position to sustainability, this impacts significantly on service departments' efficiency.	0.200	Y	Y	Y	1
P&R02	**Employee Portal** Following a review of the support services provided by Resources to Service Directorates it has been identified that in order to improve processes for employees, increase efficiencies, improve our employee insight information and ensure we can make the unit cost savings already committed to in the 2016-17 budget, the introduction of an	0.300	Y	Y	Y	2

Ref	**Description of proposal** Provide a brief narrative summary of the funding bid, including details of: • how the proposal meets the criteria or is otherwise a priority. • any implications if the spending is not approved. • any impact on other areas of the budget / other services from this proposal.	**2016-17 Funding requirement £m**	**Criteria**			**Committee Priority Ranking** 1= top priority 2,3,4 etc.
			2016-17 expenditure	**Sustainable**	**Invest to save**	
	employee portal is required. In 2015-16 the Authority invested in a customer portal and customer relationship management software that can be used to implement the employee portal. However, the framework needs developing alongside simplified and integrated processes in order to realise all of the benefits for employees, Service Departments, and to reduce costs. *Key data where improvement is expected:* 1. There are over 30 different forms that are used in HR resulting in 5,000 individual forms being processed each month. 2. HR Direct receives 60,000 contacts each year by phone or email. Creation of an electronic contact form as the primary route of contact would increase efficiencies and improve the service to employees. 3. The IT Service Desk receives an average of 400 calls and 350 emails each day. Only 1% of incidents are currently raised through the electronic contact form which, if improved, would enable employees to track progress with their incident and realise efficiencies. 4. Currently between 30 and 40% of current HR activity (depending on the nature of the activity) initiated by self-service requires manual intervention or follow up due to missing or incorrect information. 5. Over 1,000 requests are received by Procurement to set up new suppliers each quarter - this is currently a manual process. *The proposal meets the criteria:* 1. Sustainability – the one off development brings sustainable benefits and potential savings. 2. Impact if funding not approved – employees organisation wide are not able to benefit from efficiencies brought about by automation, there is a risk that savings committed to by Resources will not be achieved.					

Ref	**Description of proposal** Provide a brief narrative summary of the funding bid, including details of: • how the proposal meets the criteria or is otherwise a priority. • any implications if the spending is not approved. • any impact on other areas of the budget / other services from this proposal.	**2016-17 Funding requirement £m**	**Criteria**			**Committee Priority Ranking** 1= top priority 2,3,4 etc.
			2016-17 expenditure	**Sustainable**	**Invest to save**	
P&R03	**Procurement and Adults automated reports** Procurement have a requirement for robust management information reporting that joins multiple silos of information across the Council's information systems to deliver efficiencies and enable full understanding of the contractual / procurement life cycle. The current developer capacity of the Information Exploitation Team within the Information Management Service is limited and already prioritised on supporting significant work streams for the Council, including: 1. Delivering a solution for BIPS to enable delivery of Children's Services Ofsted and Adult Services management information reporting requirements. 2. Supporting the Portals Team in the delivery of the Corporate website, Highways defect form, and GIS mapping for both CRM and Mayrise. *The proposal meets the criteria:* 1. Sustainability – the one off development brings sustainable benefits. 2. Impact if funding not approved – the delivery of critical Service information will be delayed.	0.070	Y	Y	Y	3
Total		**0.570**				

4. Next Steps

4.1. Policy and Resources Committee's recommendations will be incorporated with those from Service Committees and reported back to this Committee on 18 July 2016, in order for a complete package of proposals to be recommended to County Council. The recommended package put forward by Policy and Resources Committee will be considered by County Council on 25 July 2016.

Background Papers

Revenue Budget 2016-17 – Allocation of Transitional Funding and Rural Services Delivery Grant, agenda item 6, Policy and Resources Committee 21 March 2016: http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/497/Committee/21/SelectedTab/Documents/Default.aspx

Norfolk County Council Revenue and Capital Budget 2016-20 and Council Plan 2016-19, agenda item 4, County Council 22 February 2016: http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

Revenue Budget 2016-17 – Proposals for Allocation of Transitional Funding and Rural Services Delivery Grant, Service Committee papers, May 2016:

Children's:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/461/Committee/8/SelectedTab/Documents/Default.aspx

Adults:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/479/Committee/10/SelectedTab/Documents/Default.aspx

Communities:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/472/Committee/12/SelectedTab/Documents/Default.aspx

Environment, Development and Transport:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/422/Committee/18/SelectedTab/Documents/Default.aspx

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Policy and Resources Committee

Item No 8

Report title:	**Queen's Speech - May 2016**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Debbie Bartlett** **Head of Business Intelligence and corporate planning**

Strategic impact
This is an initial briefing on some of the key new Bills. Over the course of the coming months, the specific implications for Norfolk County Councils services will become clearer and will be brought to relevant committees in a timely way.

Executive summary

This paper provides an outline of some of the key Bill's announced in the Queen's Speech delivered on 18 May 2016.

Recommendations:

Policy and Resources is asked to:

- Note and comment on the content of the report

1. The Queen's Speech

1.1 The Queen's speech on 18 May has set out the Government's agenda for the next parliamentary session. This paper provides an initial outline of some of the new Bills announced which are of relevance to local government. Over the coming months, the specific implications for services is likely to become clearer, and Committees will be provided with more detailed briefings and implications in a timely way.

2. Key announcements

Local Growth and Jobs Bill

2.1 New legislation was announced that will allow local authorities to retain 100% of their business rates. The Government intends put in place the framework for the delivery of the scheme, and legislate for the set of responsibilities that will be devolved to local authorities as a result of the reforms.

2.2 The Bill will also strengthen local areas' ability to reduce the business rates tax rate and give the ability to combined authority mayors to levy a supplement on business rates bills to fund new infrastructure projects, provided they have the support of the business community through the Local Enterprise Partnership.

Neighbourhood Planning and Infrastructure Bill

2.3 The Government intends supporting long term economic growth through an overarching and independent assessment of the long-term infrastructure needs of the country. The Bill will aim to ensure that pre-commencement planning conditions are only imposed by local planning authorities where they are absolutely necessary, and that the legislation would tackle the overuse, and in some cases, misuse of certain planning conditions, and thereby ensure that development, including new housing, can get underway without unnecessary delay. It will also aim to make the compulsory purchase order process clearer, fairer and faster for all those involved.

2.4 The Government is intending to establish the independent National Infrastructure Commission on a statutory basis, which would provide expert, independent advice on infrastructure issues by setting out a clear, strategic vision on the future infrastructure that is needed to ensure the UK economy is fit for 2050.

Bus Services Bill

2.5 New legislation was announced which aims to give elected mayors and local transport authorities the power to improve bus services and mayoral combined authorities would be given London-style powers to franchise local services. Under the measures in this Bill, local authorities would be able to use new powers to set required standards of service with bus providers, including branding, ticketing and the frequencies of services.

2.6 In addition, data about routes, fares and times would be made available across the country to developers to give passengers better information about how to make the most of local bus services.

Children and Social Work Bill

2.7 New legislation aimed to ensure that children can be adopted by new families without delay, tipping the balance in favour of permanent adoption where that is the right thing for the child, and to improve opportunities for young people in care in England. The Bill intends to ensure that children leaving care make a good start in adult life, through a new 'Care Leavers' Covenant' underpinned by a statutory duty requiring local authorities to publish the services and standards of treatment care leavers are entitled to.

2.8 The Bill will also drive improvements in the social work profession by introducing more demanding professional standards and setting up a specialist regulator for the profession. The Government hopes the Bill will give frontline services more freedom to work together to safeguard children and trial innovative approaches to deliver more effective care.

2.9 In terms of children's safeguarding, the Bill aims to secure better protection of children by ensuring that lessons are learned from serious safeguarding cases, whilst also supporting innovation in children's social care by allowing local authorities to pilot new, innovative approaches.

Education for All Bill

2.10 New legislation will be brought forward to lay foundations for educational excellence in all schools, with the aim to achieve a fairer balance between schools, through a National Funding Formula which would allocate funding fairly and efficiently.

2.11 This announcement, part of the Government's plan to move towards a system where all schools are academies, will convert schools to academies in under-performing local authorities and those that can no longer viably support their remaining schools, making the process of becoming an academy swifter and smoother. The Government is also proposing fundamental reforms to alternative provision for excluded pupils and reforms to technical education through a strong employer-led system with high quality qualifications which support clear line of sight to skilled employment.

Digital Economy Bill

2.12 New measures will be brought forward to create the right for every household to access high speed broadband and make the United Kingdom a world leader in the digital economy. The purpose of the Bill is to enable the building of world-class digital infrastructure including fast broadband and mobile networks; support new digital industries; reform the way government uses data to deliver public services; and strengthen protections for citizens in the digital world.

2.13 The Government is intending to consult on better sharing of publically-held data sets to improve service delivery whilst maintaining safeguards on privacy and introducing new powers for public authorities to share information to combat the public sector fraud.

3. Other announcements of interest

Prison and Courts Reform Bill

3.1 One of the biggest reforms of the prison system since Victorian times has been announced. This Bill is intended to give prison Governors unprecedented freedoms and enable them to ensure prisoners receive better education, healthcare and security, while old and inefficient prisons will be closed and new institutions built where prisoners can be put more effectively to work.

3.2 New freedoms will be backed with a new regime of transparency aimed to hold governors to account, as prisons are required to produce statistics on areas such as prisoner education, reoffending and employment on release. The Government also aims to reform the courts and tribunals to ensure delivery of faster and fairer justice for users by making better use of technology and modernising working practices.

3.3 Legislation will be used to extend these freedoms much further, enabling prisons to be established as independent legal entities with the power to enter into contracts, to generate and retain income and to establish their own boards with external expertise. This is aimed to become the biggest structural reform of the prisons system for more than a century.

National Citizen Service Bill

3.4 The National Citizen Service (NCS) will be placed on a permanent statutory footing, expanding the NCS by encouraging young people to take advantage of the skill-building programmes offered and strengthening links between young people and schools, local governments and central governments to promote participation in the programme. This legislation will place duty on local authorities, as well as all secondary schools, including academies, sixth-form colleges and independent schools, to inform young people and parents about NCS, particularly those from disadvantaged backgrounds.

Bill of Rights

3.5 The Government will bring forward proposals for a British Bill of Rights. This reform will aim to modernise Britain's human rights legal framework and restore common sense to the application of human rights laws. It would also protect existing rights, which are an essential part of a modern, democratic society, and provide better protection against abuse of the system and misuse of human rights laws. These rights would be based on those set out in the European Convention on Human Rights, while also taking into account our common law tradition. The government will consult fully on the proposals when they are published in due course.

4. Recommendations

Policy and Resources is asked to:

- Note the content of the report

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Report to Policy and Resources Committee
31 May 2016

Item No 10

Norse Group Business Plan

2016-2020

Report by the Managing Director of the Norse Group Ltd

This report attaches the Norse Group Business Plan for 2016-2020 for sign-off by the Committee in accordance with the new governance arrangements.

1.0 Introduction

1.1 At its meeting on 21 March 2016, the Policy and Resources Committee agreed a series of recommendations regarding the governance of the Norse Group Ltd.

1.2 In line with these recommendations, the Norse Group Business Plan for the period 2016-2020 is presented to the Committee for final approval and sign off.

1.3 The Business Plan has already been approved by the Norse Group Board at its meeting on 21 March 2016, and by the Norse Shareholder Committee at its meeting on 5 April 2016.

1.4 The intention is to update the Plan on an annual basis to provide a rolling three-year Plan for approval by the Shareholder.

2.0 Key Metrics

2.1 The Plan has set a number of key financial metrics to allow the Shareholder to monitor the performance of the Norse Group, as well as outlining the challenges and opportunities facing the Group. These are:

- 10% growth in annual turnover and profit

- Return on Capital Employed in excess of 8%
- Positive Balance Sheet in excess of £100M, excluding the pension deficit
- At least one new joint venture partnership per year
- Talent management to increase the resilience of the Group and enable sustainable growth.

2.2 The Business Plan is not meant to be a constraint on the Group's activities as the trading environment remains very dynamic and volatile and the Norse Group will need to retain the ability to respond to opportunities, even if they are outside the Plan. However, the response to the opportunities should be in accordance with both the objectives and the financial metrics set out in the Plan.

3.0 Resource Implications

3.1 There are no direct resource implications for Norfolk County Council as all the staff, property and IT are provided directly by the Norse Group Ltd.

4.0 Other Implications

4.1 All the implications of which Members should be aware have been considered. Apart from those listed in this report, there are no other implications to take into account.

5.0 Equality Impact Assessment

5.1 The report is not directly relevant to equality in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

6.0 Section 17 – Crime and Disorder Act

6.1 There are no direct implications of this report for crime and disorder reduction.

7.0 Risk Implications/Assessment

7.1 The Board of the Norse Group Ltd receives regular reports which identify the significant business risks and the mitigation measures which have been put in place.

7.2 All new major contracts or partnerships are subject to a full business plan and risk assessment.

7.3 The wide range of partnerships and contracts held by the Group enables it to manage the risks within acceptable levels.

8.0 Action Required

8.1 The Committee is asked to confirm that the Business Plan reflects the aspirations of the Shareholder.

Background Papers

Norse Group Business Plan 2016-20

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Norse Group Business Plan

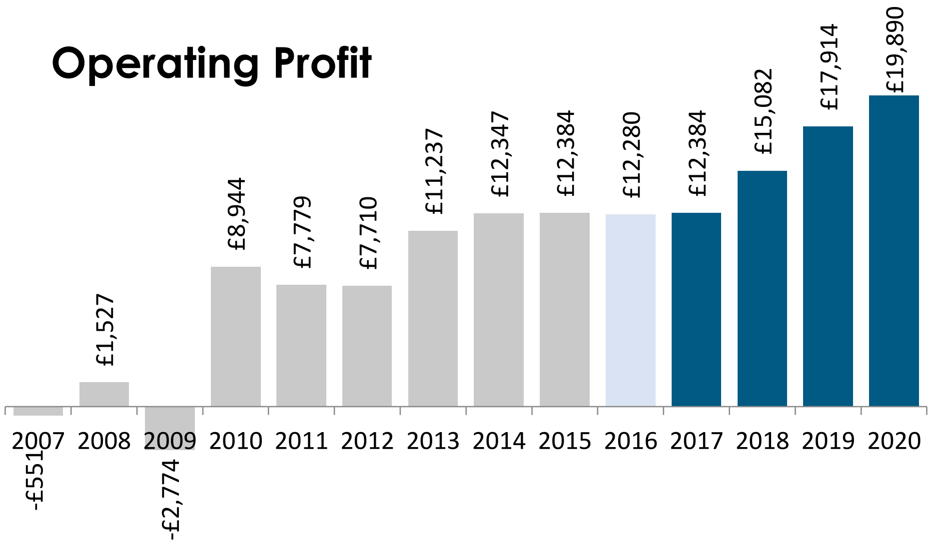
2016-2020

Contents

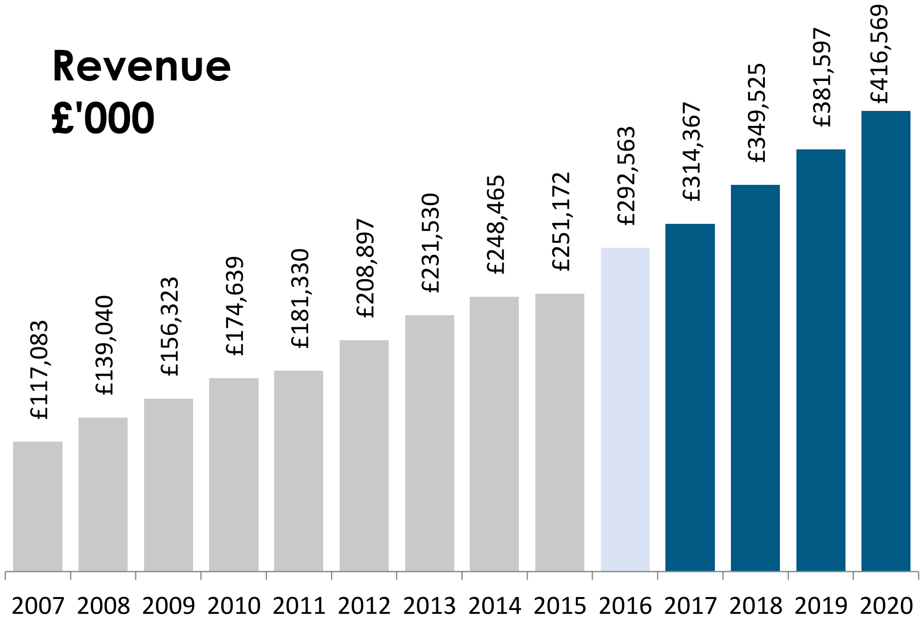
Executive summary

The Group has achieved sustained growth and profitability over the past nine years and continued to diversify its customer base and range of services. Much of this success has come from its unique public–public partnership joint venture model. There are now 24 joint venture companies across England providing a wide range of services. The Group has also continued to win work in competition and develop new long term income streams via a capital investment programme in waste recycling, care of the elderly, and renewable energy.

The charts below indicate the progress made since 2006-07 when the operating companies Norfolk County Services Limited and NPS Property Consultants Limited were incorporated into the Norse Group Limited. In 2011-12 NorseCare Limited was created and became the third operating company within the Norse Group.



The 2016 figure is adjusted reflect the variation agreed for the NorseCare contract



The 2016 figure is adjusted for a 14 month year due to a change of year end date

Mission statement

The Norse Group is seeking to be the market leader in the provision of facilities management, property and elderly care services in the UK. Our mission is to continually improve our services to meet our customers' needs and aspirations, allowing us to grow as a business and provide a reasonable return for our Shareholders.

Objectives

The five main objectives for the Norse Group are:

- Sustainable and profitable growth
- Building a balanced client base
- Increasing the return to the principal Shareholder
- Improving or maintaining the operating margin
- Delivery of an investment programme to generate long term revenue

Values

Our values lie at the heart of what we do. They will ensure the success and prosperity of our business.

Quality – We will focus on the delivery of high standards in all that we do.

Innovation – We will have the courage and commitment to embrace new ideas and support different ways of working to ensure our services are delivered in the most effective way possible.

Respect – We will aim to listen and fully understand what is required of us by the people, organisations and communities with which we work.

Trust – we will be transparent, accountable and take ownership of our responsibilities.

About the Norse Group

The Norse Group is a dynamic holding company comprising facilities management specialist Norse Commercial Services; NPS Property Consultants, which offers multi-discipline property and design services; and NorseCare, which provides specialist care facilities and services.

Group origins

In 1988, Norfolk County Council established Norfolk County Services as a Direct Labour Organisation (DLO). Its purpose was to supply the Council with a wide range of front line services initially including cleaning, catering, and grounds maintenance.

Five years later, Norfolk Property Services was similarly formed as a business unit of the County Council. Its focus was property related and its activities included surveying, property design and asset management.

Initially, both of these organisations focused their activities entirely on Norfolk County Council. However, from the mid-1990s, both started to supply services to other public sector bodies within Norfolk and, increasingly, to other public sector organisations elsewhere in the UK.

By 2002, the volume of work outside Norfolk was such that a decision was made to operate both organisations as independent private companies. At this time, Norfolk Property Services changed its name to NPS Property Consultants Ltd. In 2006, Norfolk County Services Ltd and NPS Property Consultants Ltd were formally brought together as sister companies within the Norse Group, which is wholly owned by Norfolk County Council.

Norfolk County Services Ltd subsequently changed its name to Norse Commercial Services Ltd and NPS rebranded as NPS Group.

In 2010, NorseCare Ltd was created when the Norse Group took over the transfer and responsibility for 26 residential Care Homes and 13 day care centres across Norfolk from the County Council.

Overview today

Since it was established in 2006, the Group has become one of the UK's fastest growing service providers with an impressive portfolio of public and private sector customers; a workforce of over 10,000; over 30 offices across the UK; and a turnover of over £250 million in 2015. Turnover is expected to grow to over £400 million by 2020.

In these unprecedented economic times, with huge pressure on public finances, the Norse Group has pioneered a radical and cost saving approach to delivering public services and over the next five years the Group aims to extend the innovative joint venture model across the UK whilst seeking other competitively secured work from both the public and private sectors. This will generate even more much needed funds to support the public purse.

Essentially, we are able to offer our public sector customers innovative commercial solutions which address the policy challenges facing all public services today and will continue to do so until at least 2020.

The Group’s economic and social impact on society

With circa 10,000 people directly employed by the Group, 44% of whom are based outside Norfolk, and over 30 offices spread across England and Wales, the Norse Group is a truly national offering. It has become a significant player, generating income from sales across the UK mostly via its very distinctive offering in the public sector. Whilst overall Norse Group employment remains higher in Norfolk than the rest of the UK, primarily due to the business infrastructure being based at the Group HQ in Norwich, it is interesting that the Group’s spend with suppliers outside Norfolk is over 65% of the overall Group spend.

The Gross Value Added (GVA) of the Group is estimated to be in the region of £286 million across the UK, supporting 2,200 jobs nationally directly relating to the supply chain, and a further £97 million GVA. Also, employee expenditure supports further employment of 2,000 people UK-wide and the GVA relating to employee spend is £70 million. All in all, the Group supports approximately 13,000 jobs including employment in the Group, the supply chain and through direct employee spend.

Macro environment

Political

This is a time of significant political flux for the UK. Government at a local level in England in particular is at a cross roads and developments within the public sector are happening extremely rapidly. Despite the heavily centralised system, English local government has been developing innovative approaches and new strategic alliances. It is clear that local government is changing fast and has a leadership role to play, both locally and nationally.

Some form of national change is both functionally necessary and constitutionally inevitable. The economic and financial situation remains extremely challenging, with an increasing North/South divide arising from the pattern of finding reductions and economic growth. We are only half way through the fiscal consolidation and there are uncertain prospects for the future.

All of this is happening against a backdrop of rapid social and technological change. Demographic influences are having a strong impact, especially with regard to the ageing population, a housing crisis, and rising demand for school places.

It is clear that the fundamental change faced by the public sector will require its mind-set to flex constantly to keep up. We can expect the population in 2020 to be more digitised and more mobile, and the extent to which place and community will figure large in people’s lives is in question.

The outlook in relation to funding across local government varies. The metropolitan districts seem to be fairing worst, in particular Yorkshire and Humberside, whilst the best funded districts are largely in the East Midlands, East of England, South East and South West.

It is accepted that the next five years will hurt because the ‘easy’ savings have already been made. Whilst the most visible examples will be the reduction in environmental services and street scene work, the biggest impact will be upon extremely vulnerable service users with the greatest individual needs.

Economic

The UK economy has been recovering at a relatively strong rate since early 2013, although there were signs of a slowdown in growth in late 2014 due to problems with the Eurozone and other geopolitical uncertainties. However, domestic demand growth remains relatively strong, primarily due to lower oil prices globally.

It is expected that the service sector will remain the main engine of UK growth for both output and employment in 2015-16 and that manufacturing and construction should remain positive contributors in the next 12 months.

London and the South East are continuing to lead the recovery, as has been the pattern for many years, but other UK regions should also register positive growth in 2015-16.

The global outlook remains mixed although we have seen in 2015 a gradual pick up during the year in the US and Eurozone, but a slowdown in China, recession in Russia and Brazil, and increased volatility in emerging markets more generally.

As 2016 progresses, consumer spending and business investment will be the main drivers in the UK. Growth is potentially outweighed somewhat in the short term due to international risks, particularly in relation to emerging markets.

Closer to home, London and the South East continue to lead the recovery with the north of England and Wales set to grow by half that of the south. Housing and utilities are projected to be the fastest growth categories of consumer spend over the next five years.

An area to watch over the next five years is the UK interest rates. Experts don't expect an immediate rise but a gradual upward trend seems likely in the first half of 2016, which in the short term may impact on the housing market and the momentum seen in 2015 with private house building. In the long term, we can expect lending rates to rise very gradually to more normal levels of around 3 to 3.75% by 2020.

Looking ahead, real income growth will pick up further in 2016 but may then moderate as job growth slows and further real benefit cuts take effect.

Domestically, by 2020, it is anticipated that households will be allocating more than 25% of their budget on the household and utilities. Interestingly, if the economic recovery continues to 2020, we can expect total spending in leisure-related areas such as recreation, culture, hotels and restaurants to increase.

The public sector is likely to be a drag on growth for the next three to four years as the Government pursues its objective of eliminating the budget deficit, but it should be noted that there are still opportunities in the public sector as competitors swing towards the private sector in the hope of capitalising on this emerging market.

Sociocultural

As we emerge from the worst recession in living memory, research tells us that the gap between the rich and the poor is wider than at any point in the past 30 years.

Pension values are decreasing; we have a chronic housing shortage; an ageing population with complex health needs; a shift away from inpatient to outpatient care in the community; an ever changing services commissioning and delivery landscape; and an increasingly complex demography. In addition, some people are living in more deprived neighbourhoods, with poorer access to social support and social infrastructure, commonly experiencing the poorest of health.

Social capital within communities is becoming increasingly important and the nature of community leadership is in question. Social factors which are likely to impinge on the development of the local government sector include: the relationship with other public sectors; social networks; transactional web based approach to services; an ageing population; Government housing policy and the availability of high quality housing; educational development; health; employment; and disposable income.

Government strategy

To fix the public finances, return the country to surplus and run a healthy economy that starts to pay down its debt is, in essence, the Government's long term economic plan until 2020. This plays to the Group's strength.

Key priorities of Government include:

A sustainable health and social care system
Driving forward ambitious plans to integrate health and social care services by 2020 thus bringing together the NHS and Local Government; enabling universities to provide up to 10,000 additional nursing training places: giving Councils the power to increase social care funding.

Opportunity and security for families
Setting out a five point plan for housing, including delivering 400,000 affordable housing starts by 2020-2021; low cost home ownership; reforms to the planning system to free up land and homes.

Investing in Britain's future
Prioritising investment in education from childcare to college; protecting school funding in real terms; and introducing a fairer new national funding formula for schools.

The Government is investing £23 billion in school buildings, opening 500 new free schools, creating 600,000 school places, rebuilding and refurbishing over 500 schools and addressing essential maintenance needs. The Government is also investing in new school places for children with special educational needs and disabilities.

Additionally, the Government will invest £100 billion in infrastructure; increase transport investment to £61 billion; and double spend on energy innovation

A devolution revolution
Transforming local government, enabling it to be self-sufficient by the end of Parliament; building the Northern Powerhouse by investing £13 billion on transport in the North; and demonstrating momentum on devolution to Scotland, Wales and Northern Ireland.

Selling Government assets and creating space for homes
The Government is committed to releasing surplus assets to drive economic growth and release land for housing. Taxpayers continue to own an estimated £358 billion of land and property and the Government's office estate remains large with almost 800 office buildings spread around the country.

Departments have agreed to release an additional £4.5 billion worth of surplus land and property assets which will contribute towards the Government's target of £5 billion of receipts by 2020.

By 2020, the Government's footprint will be significantly consolidated, transforming how Government services work together. To help deliver this, the Government is transforming its approach to land and property asset management. The new model will be operational by March 2017, subject to legislative requirements, and all relevant central Government land and property will transfer to the new central body by the end of this Parliament. The first assets transferred into the body will include freehold office, warehouse, storage and depot properties (and leaseholds where appropriate).

Governance

Whilst the Company is not bound by the UK Corporate Governance Code, the Board is committed to maintaining high standards of corporate governance.

Our governance structure has been developed over several years to meet the increasing span and complexity of our businesses. The defined roles and responsibilities at Board level are set out below.

The role of the Board

The Board is responsible to Shareholders for creating and delivering sustainable Shareholder value through the management of the Group's businesses. The Board determines the strategic objectives and policies of the Group to deliver such long term value, providing overall strategic direction within a framework of risk appetite and controls. The Board's aim is to ensure that management strikes an appropriate balance between promoting long term growth and delivering short term objectives.

The Board is responsible for demonstrating ethical leadership and promoting the Company's values, culture and behaviours and for acting in a way that promotes the success of the Company for the benefit of the Shareholder.

The Board is also responsible for ensuring that management maintains systems of internal control that provide assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. In addition, the Board is responsible for ensuring that management maintains an effective risk management and oversight process at the highest level across the Group.

In carrying out these responsibilities, the Board must have regard to what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls. The Board is also responsible for deciding other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the corporate governance framework.

Board members

- **Anne Gibson** *(Chairperson Non-Executive Director appointed by NCC)*
- **Colleen Walker** *(Non-Executive Director appointed by NCC)*
- **Karen Knight** *(Managing Director NorseCare Ltd)*
- **Peter Hawes** *(Managing Director Norse Commercial Services Ltd)*
- **Mike Britch** *(Group Managing Director)*

The non-executive Directors are required to be Members or Officers of Norfolk County Council.

The voting rights of Directors are as follows:

- **Non-executive Directors - two votes each**
- **Executive Directors - one vote each**

The Chairperson of the Board has a casting vote in the event that an equal number of votes are cast.

Particular Board responsibilities are referred to three standing Board Advisory Groups:

- **Investment Advisory Group**
- **Audit Advisory Group**
- **Risk and Insurance Advisory Group**

This structure allows particularly detailed or complex matters to be given special scrutiny and oversight.

Except where decisions are specifically delegated, each Group reports and submits recommendations back to the Board for its review and, where necessary, decision.

Each Group operates within clearly defined terms of reference, which are reviewed annually by the respective Groups and, if necessary, approved by the Board, to ensure they remain appropriate and reflect any changes in good practice and governance.

All the shares in the Norse Group are owned by Norfolk County Council and the Board is committed to a continuing dialogue with its Shareholder.

Shareholder Committee

As part of its governance of the Norse Group, Norfolk County Council appoints a Member to represent its interest as Shareholder. This Shareholder Representative attends the Company's Annual General meeting and receives copies of all the Board papers.

In addition, the Group is monitored by a County Council Shareholder Committee which supports the development of the Group and provides feedback to the Council on decisions made by the Board.

The Shareholder Committee considers all the matters reserved for Shareholder approval and the Shareholder Representative then takes the Committee's recommendations to the Policy and Resources Committee for final agreement.

The Shareholder Committee meets quarterly and regularly receives updates on financial performance and business development opportunities.

Market analysis

Beginning with Compulsory Competitive Tendering (CCT), introduced by the Conservative Government in the 1990s, outsourcing of local government services has steadily increased and evolved in nature. Recent years have seen a change in the nature of outsourcing from agreements with external contractors focused on delivering specific services, to SSPs involving joint venture companies delivering a range of services (both back office and frontline services), often with Local Authorities merging services across regions.

While outsourcing of local government services more generally involves a range of SMEs and voluntary sector organisations, the SSP market is highly concentrated, with a few private sector companies contracted to deliver services. Some sectors are more heavily outsourced than others – social care being the most prominent area of outsourcing. Outsourcing policy in regard to local government has undergone a series of changes, beginning with an initial period of marketisation under CCT, to the 'Best Value' approach in the 2000s, to a range of other policies. In recent years, the reduction in Local Authority funding and the requirement to find efficiency savings has possibly fuelled a steady increase in outsourcing by Local Authorities. Despite the more general increase in outsourcing, many Local Authorities have decided to 'in-source' their services in order to reduce costs and make efficiency savings, thus making future trends difficult to predict.

The value of outsourcing across all relevant sectors – including IT, catering, facilities management, employment services, office support, technical consultancy, public services and many more – is thought to be in the region of £207 billion. That is equivalent to some 8% of total economy-wide output. The split between customer types by institutional sector is almost exactly 60%-40% in favour of the private rather than the public sector.

In 2014, 60% of all local government contracts signed were extensions, renewals or the replacement of incumbent suppliers, an increase from

The table* below indicates the service split of the UK “outsourcing” market:

£billion per annum	Public Sector	Private Sector	Total
IT and data related services	6.7	35	41.7
Catering	1.6	1.5	3.1
Combined facilities management	1.1	6.2	7.3
Property Services – maintenance / cleaning	17.3	21.7	39.0
Property portfolio / estate management	0.1	2.1	2.2
Security Services	4.6	2.7	7.3
Warehousing / storage	0.2	2.7	2.9
Employment placement	3.4	19.2	22.6
Call Centre / customer care	0.2	1.2	1.4
Administrative Support	3.8	21.4	25.1
Business consultancy	0.6	5.7	6.2
Technical / engineering / scientific services	3.0	5.7	8.7
Waste management	6.3	-	6.3
Services related to public transport	4.3	-	4.3
Educational Services	1.5	-	1.5
Health- related services	11.9	-	11.9
Residential care and social work	15.4	-	15.4
Total	**82.0**	**125.0**	**207.0**

** (report by Oxford Economics – April 2011)*

The Norse Group provides services to the largest service sectors of the public sector outsourcing market ie property services/facilities management, security, waste management, transport and residential care.

The competition

The Group has a number of national and international competitors in relation to its sibling companies. However, as a collective Group, we are not aware of a single competitor who offers the range of services the Group can offer its customers.

Holistically, the Group is able to offer a broader selection of services and by coordinating multiple products and capabilities, often disparate or disconnected, we are able to service customers more fully, which is our unique selling point.

Competitors	
NPS	**Atkins**
	Aecom
	Mott Macdonald
	Arcadis
	WSP | Parsons Brickerhoff
Norse Commercial Services	**Compass Group PLC**
	G4S PLC
	Interserve PLC
	Serco PLC
	Carillion
NorseCare	**Four Seasons Health Care**
	Bupa Care Homes
	HC One Ltd (including Meridian Healthcare
	Barchester Healthcare
	Care UK

With the exception of the top five Care providers, direct competitors of the NPS Group and NCS have a global presence.

Principal risks

The key risks faced by the Group over the next three years and the management response are set out below.

Significant contract failure or inadequate delivery of services leading to litigation and/or regulatory action
> Implementation of the Group's quality management systems
> Monitoring and review of performance by Operational Directors and JV/Main Boards

Failure to attract and develop the talent need to deliver the business objective
> Implementation of the HR strategy outlined above
> Embedding of the Corporate Social Responsibility strategy

Change in political balance at NCC or in JV partnerships
> Cross-party briefings on the value of the Norse Group
> Regular Shareholder Committee meetings
> Regular communications with all partners celebrating the success of the partnerships

Significant reduction in public sector budgets
> Client diversification
> Transformation of services to deliver more for less

Cyber attack on the network which disables ICT systems
> Investment in security software to protect the network
> Increased staff awareness of the dangers posed by malicious hackers

Loss of key accreditation such as Care Quality Commission or vehicle operating licence
> Identification of key risks and improved systems to ensure compliance
> Robust systems with fail-safe mechanisms

Unstainable levels of debt
> Retention of sufficient cash reserves to meet the investment requirements

> Formation of the Investment Advisory Group to ensure sound investment decisions
> Detailed reporting to the Board of the consolidated cash and debt position

Business development priorities for 2016-2020

The target for turnover growth for the Norse Group has been set at an average 10% a year. To secure this, the following approaches will be followed:

- provide more services to existing clients
- win new work through competition
- explore the acquisition of additional companies (to enable diversification into new markets)
- explore more JV opportunities, particular in environmental and FM services
- develop new services eg rental housing portfolio
- expand the portfolio of Care Homes and private clients.

Business priorities 2016-2020

- General increase in activity levels of existing business
- Greater productivity within existing functions/businesses
- Growth in commercial markets
- Specific start-ups – Havant, Peterborough, Wigan DLO during 2016
- Potential start-ups –assume additional 1 x JV or significant contractual start up during 2016 and 2 x start-ups of similar magnitude each year
- 2017-19 –assume same growth pattern as described above
- Changes to premises footprint
- Possible geographic diversity
- Growth in some activities - residential housing, development and energy related services
- Acquisition of a rental property portfolio
- Acquisition of companies to supplement existing services

SWOT analysis

Strengths

1. Whole life management of the built environment
2. National coverage providing local delivery
3. Collective experience and expertise of workforce
4. Strong financial foundations supporting sustainable growth supported by the Group's track record
5. Wholly owned with freedom to maximise all opportunities presented to the Group
6. Very strong public sector customer base with emerging private sector customer base
7. Strong brand recognition within parts of the public sector marketplace
8. Sound history and provenance in the public sector

Weaknesses

1. Profitability of services within certain markets or segments
2. Geographical gap in the Midlands, Wales and Scotland
3. Coverage of certain profitable services on a national scale
4. Availability of capital to invest in products and services to realise both ambition and opportunity in the next five years
5. Transport links to and from Head Office and fragmented business infrastructure
6. Investment in and entry to emerging private sector marketplace
7. Use of brand, logo and name is incoherent to sectors and market
8. Carrying a greater proportion of resource costs due to LGPS

Opportunities

1. Match services with strong and emerging sectors, markets and opportunity driven by Government policy and a growing economy

2. Rationalise operational centres according to growth areas and geographic gaps to strengthen national coverage and local delivery

3. Develop national, regional and local resource and expertise according to Government policy

4. Take appropriate steps to improve financial gearing and carefully build asset base and portfolio

5. Plan for the integration of business infrastructure to support common systems and functions

6. Growing confidence in the economy and, in particular, the private sector presents the Group with greater opportunities where competitors take conscious decisions to seek opportunities free from public procurement

7. Plan for the implementation of a cohesive brand strategy across the Group

8. Continue to develop the Group Reward Strategy and reduce the pension burden

Threats

1. Government's long term economic plans derailed or retrenching public policy whilst the sector flushes out the impact of Government ambition to pay down its debt through local government structural reform

2. Global economy or, closer to home, UK and Eurozone politics impact on recovery

3. Major Government policy and infrastructure plans fail to rejuvenate key geographic growth areas

4. Skills shortage driven by a buoyant private sector economy attracting operational and professional resource

5. Impact on business due to Government's long term economic plan, in particular, the 'opportunity and security for families' and 'investing in Britain's future' initiatives which will impact on the living wage, NIC employer contributions and Apprenticeship Levy

6. Local Government structural reform impacts on direction and governance of the Group

7. Implementation of policy at a local level along with a decision-making process stifled by the Government's ambition for structural reform

8. Customers and/or stakeholders fail to recognise or associate sister companies as cohesive partners of the Group

9. Reputational damage due to the failure in meeting customer expectations and statutory or regulatory standards

Financial targets and ratios

Over the next five years there are a number of financial challenges which will add to the pressure on the Group's operating costs:

- **Introduction of the Living Wage** – the Group will seek to recover additional budget from customers and/or reduce the contract specifications to match available budget.
- **Changes to Employer's National Insurance contributions** – these increases have been factored into 2016-17 financial planning.
- **Increases in Employer contributions for some staff in the Local Government Pension Scheme** – the Group will continue to secure pass through pension arrangements for all future TUPE transfers and new staff will be offered a Defined Contribution pension as opposed to the LGPS.
- **Demand for skilled labour exceeding supply leading to above inflation increases in salary costs** – the Group will continue to invest in training and talent management in addition to the succession planning plans already in place (see HR strategy on page 24)

The table below details the key metric of the consolidated Profit and Loss account for FY17, 18 and 19:

£'000	2015-16	2016-17	2017-18	2018-19
Turnover				
NCS		190,000	205,000	220,000
NPS		73,049	95,679	111,927
NCL		34,365	34,525	36,597
Grp Turnover	**270,366**	**297,414**	**335,204**	**368,524**
Expenditure				
NCS		(182,850)	(196,600)	(211,000)
NPS		(68,554)	(89,023)	(103,812)
NCL		(33,726)	(34,443)	(35,808)
Grp Expenditure	**(259,018)**	**(284,280)**	**(320,066)**	**(350,620)**
Earnings before tax				
NCS		7,150	8,400	9,000
NPS		4,495	6,655	8,116
NCL		639	82	789
Group EBT	**11,348**	**12,384**	**15,137**	**17,905**

The figures for 2015-16 are for the 12 months from Feb 2015. The subsequent years are for the year 1 April -31 March.

The table below details the key metric of the consolidated Balance Sheet for FY17, 18 and 19:

£'000	2015-16	2016-17	2017-18	2018-19
Non-current assets				
Goodwill	5,202	5,820	5,526	5,132
PPE	96,114	104,860	111,607	116,054
Deferred tax asset	10,336	10,336	10,336	10,336
Other	362	32	32	32
Current Assets				
Trade receivables	44,978	46,484	50,224	54,326
Cash	7,468	12,168	15,475	21,627
Other	3,129	2,617	2,748	2,935
Total Assets	**167,589**	**182,316**	**195,947**	**210,441**
Current Liabilities				
Trade payables	(7,510)	(12,362)	(13,023)	(14,011)
Other creditors	(38,182)	(42,945)	(46,872)	(51,923)
Borrowings	(2,178)	(1,521)	(1,536)	(1,558)
Non-Current Liabilities				
Borrowings	(39,009)	(39,195)	(42,683)	(44,598)
Other	(14,058)	(15,231)	(16,113)	(17,188)
Pension deficit	(54,777)	(54,777)	(54,777)	(54,777)
Total Liabilities	**(155,714)**	**(166,031)**	**(175,003)**	**(184,054)**

The Group has a number of key financial targets and ratios:

1. Return on Capital Employed (ROCE) is the financial ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated as: Earnings before Interest and Tax (EBIT)/Capital Employed. A higher ROCE indicates more efficient use of capital. ROCE should be higher than the company's capital cost; otherwise it indicates that the company is not employing its capital effectively and is not generating Shareholder value. The target is a ROCE greater than 8%.

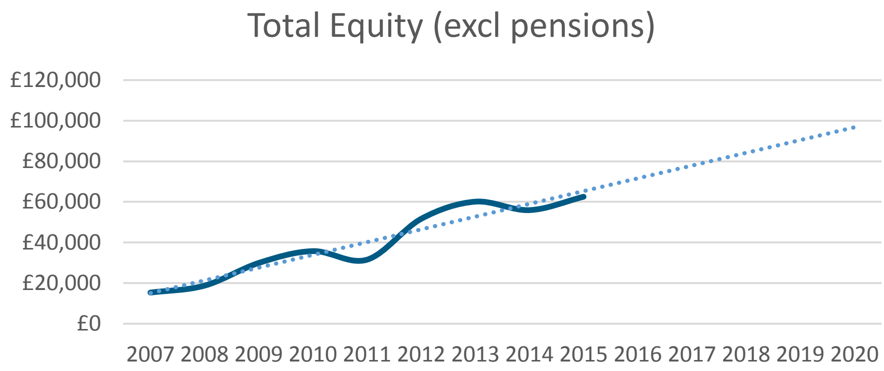
2. The borrowing ratio measures the extent of a company's leverage. The debt ratio is defined as the ratio of total – long-term and short-term – debt to total assets, expressed as a decimal or percentage. It can be interpreted as the proportion of a company's assets that are financed by debt and the target is less than 60%.

3. Equity gearing compares some owner's equity (or capital) to borrowed funds. Gearing is a measure of financial leverage, demonstrating the degree to which the company's activities are funded by owner's funds versus creditor's funds and the target is less than 70%. High gearing would leave the Group more vulnerable to downturns in the business cycle because the company must continue to service its debt regardless of how bad sales are.

4. Acid ratio is a strong indicator of whether the Group has sufficient short-term assets to cover its immediate liabilities and is also known as the working capital ratio, since it ignores illiquid assets such as stock and the target is ratio in excess of 1.00

Equity Shareholder's Funds

The Norse Group reports on the Equity Shareholder's Funds before the FRS17 pension deficit and including the deficit. The graph below indicates the growth in Shareholder Funds since 2006-07, excluding the pension deficit, and the expected growth over the next five years. It is anticipated that the Shareholder's Funds, excluding the FRS17 pension deficit, will be approaching £100M by 2020.



Treasury management and capital investment

There will be a strong focus on managing cash to minimise the Group's borrowing requirements. This will be achieved by the adoption of a Group Treasury policy and the review of all investment decisions by the Investment Advisory Group.

By the end of 2015, the Group had invested £40m on the following schemes:

- Lydia Eva Dementia Care Unit
- Bowthorpe Dementia/Housing with Care Scheme
- Material Recycling Facility at Costessey
- Renewable energy installations.

For 2016-2020, a number of additional capital investments have been approved:

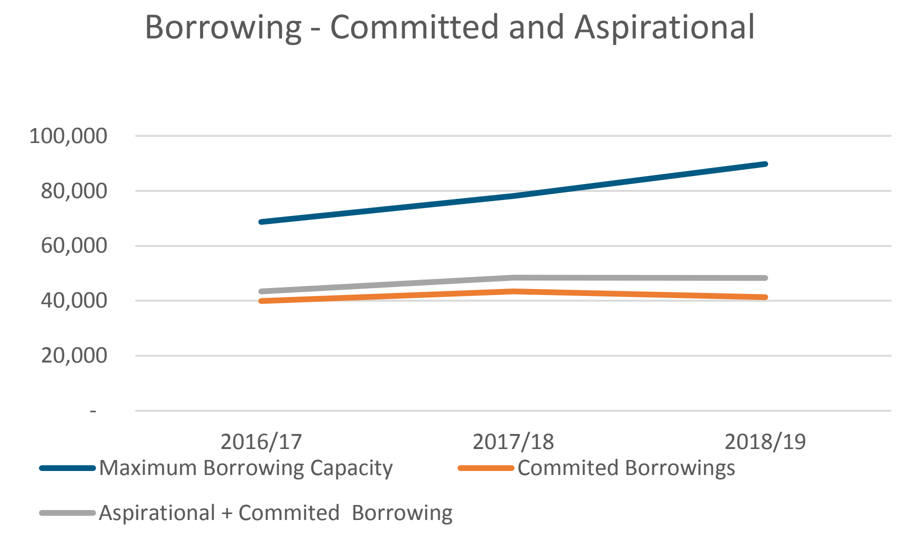
- Short term equity investment in a 300 unit residential development at Monkerton (Exeter)
- Purchase of a depot site in Medway
- 40 bed extension to Springdale Home for the Elderly
- Future investments being considered are:
- Additional extensions for an increase in private beds to existing Homes for the Elderly
- Acquisition of a residential rental property portfolio
- Formation of an energy generation company

The table below summarises the current loan position of the Group:

	2016-17	2017-18	2018-19
MRF Asset loan	3,008	2,378	1,727
MRF second loan	2,166	1,998	1,830
Monkerton loan	1,734	1,536	1,338
Renewable energy	20,000	20,000	20,000
NorseCare - Lydia Eva/Bowthorpe/additional beds	13,011	17,510	16,465
Committed borrowings	39,919	43,422	41,360
Aspirational investment	3,500	5,000	7,000
Aspirational + committed borrowing	43,419	48,422	48,360
Maximum borrowing capacity	68,740	78,162	89,824

The Norse Group has a Consolidated Gross Debt Covenant which stipulates Consolidated Gross Debt must not exceed 3.5 times adjusted EBITDA. For the purposes of this Covenant, Consolidated Gross Debt excludes Norfolk County Council debt and also Cash at Bank.

The graph below indicates the planned borrowing and potential borrowing based on the predicted EBITDA:



	Target	2015/16
Return on Capital Employed	8%	9.5%
Borrowing Ratio	60%	63.9%
Equity Gearing	70%	77.5%
Current Ratio	1.25	1.16
Pre-tax profit margin	4.20%	3.80%

Operational strategies

Human Resources

External analysis highlights a number of key challenges over the next 5 years, which are:

- The economic condition creating pressure in the labour market thereby impinging on recruitment and retention.

- The political climate putting pressure on partners' budgets, and challenges from our Shareholder for greater returns from the Company.

- Market conditions impacted by increases in the minimum wage, NI increases, escalating pension costs, and the pending Apprentice Levy.

- Talent management strategies across all of the companies in the Group are critical to the success of the Group and hold/own the legacy of the organisation.

- The legislative framework and proposed changes to Trade Union organisation which will potentially increase industrial unrest.

Any one of these challenges will be difficult to manage, but taken together they indicate a turbulent period should we not have a robust strategic HR plan.

Our plan needs to include:

- Being ready and able to respond to market conditions in respect of reward and remuneration, paying the market rate for hard to recruit posts. However, the focus needs to be on more than pay and include elements such as increased flexible working, opportunities for staff to contribute to our CSR strategy - the Norse Way - opportunities for volunteering and highlighting career progression and job security. We will need to build on the current work which is taking place to develop an employer of choice brand.

- Ways of getting closer to and understanding the demands on partners and Shareholders. Relationships with our Shareholder need to expand beyond the limited contact currently in place. This will allow us to tell our story better and build a greater understanding of the benefit of the Group.

- Undertake efficiency reviews in respect of labour costs including non-salary benefits (holiday/pension/occupational sickness): review the salary package on offer to apprentices (currently almost double the statutory minimum); increase productivity levels through improved leadership and, where possible, the use of better, more effective technology; consider the viability of the current pension arrangements and research and develop alternative pension options.

- Continue to invest in our talent pool, identifying staff who are able and want to progress at all levels throughout the Group. In respect of the three most critical Board posts, ensure we have designated staff in place at least 12 months in advance of retirement. Progress and invest further in meeting the needs of the most vulnerable in our communities such as NEETS, Care Leavers and Young Carers.

- Continue to build on the positive relationships with Trade Union partners, which will be more sustainable with the recent appointment of a new full time Convener.

Information Technology

One unique characteristic of the Norse Group business in its current form is the diversity of business activities combined with a rich mix of Local Authority and Commercial work types. This is overlaid by an opportunistic stance towards business growth, introducing a strong element of unpredictability in demand and consequent technological requirements and presenting significant challenges for ICT, which traditionally operates in a structured and regulated environment.

The Norse Group has responded to this challenge by adopting an agile, flexible and pragmatic approach at all times to service. This can result in a lower level of common core application platforms and solutions compared with companies performing similar activities. However, this is a characteristic that will remain and will have to be managed for the foreseeable future. The current ICT governance framework is designed to control expenditure and resources to ensure that effort if focused upon meeting business needs within a structured set of priorities directly influenced by Operational Directors. ICT has a clear risk management strategy and this will remain at the heart of the support effort with action, inaction, and consequence being the key factors driving for change.

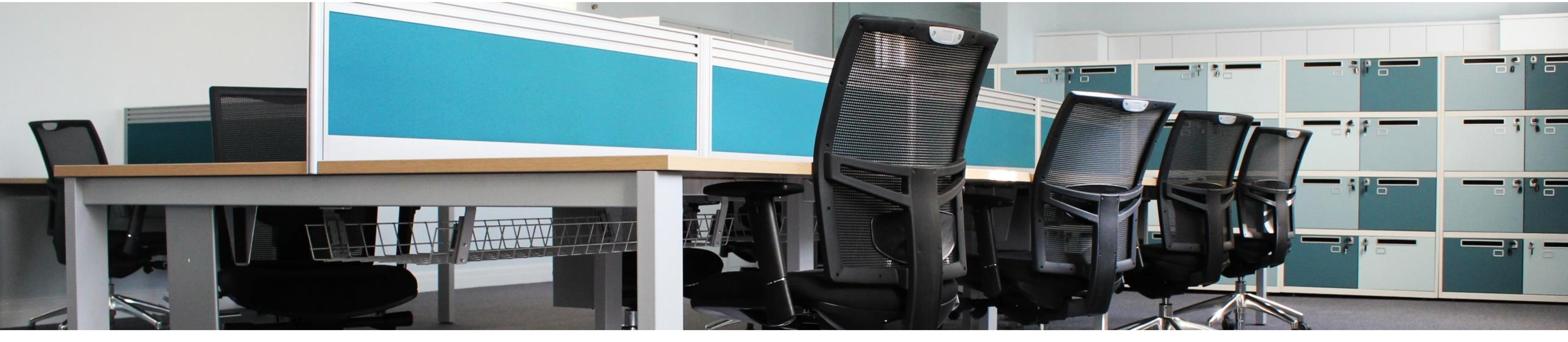
The main purpose of the IT Strategy is to address and respond to the following challenges:

- Ensuring the current IT service has sufficient agility and flexibility to support the diverse requirements of the Norse Group
- Ensuring that the strategy supports future business needs, including the requirements and aspirations of clients and other stakeholders
- Ensuring the Norse Group is making the right technological investments
- Ensuring that the IT environment is properly managed, maintained, secure and able to support clients' business in a cost effective manner.

The strategy comprises key sub-elements:

1. IT Infrastructure – building a core capable of meeting future needs
2. Business software applications/integrations – addressing business operational "pain points" and "things that need a solution"
3. IT Service – assisting the Norse Group user base and enabling business growth
4. Sourcing (supply partners) – the right relationships and products
5. Innovations – helping to respond to changing clients and markets

Focus is placed upon the alignment of business and IT capabilities, with business requirement acting as the key driving force.



Return to our Shareholders

One of our five key objectives is to increase the return to our principal Shareholder and joint venture partners. The return can be delivered in a number of ways:

- **Annual rebates and volume discounts**
- **Dividends**
- **Increase in Shareholder value**

The annual rebates/volume discounts are set at the start of the year and reflect a return based on an agreed volume of work. This is determined by the annual Business Plan and is fixed for the year.

Only the principal Shareholder, Norfolk County Council, is entitled to a dividend and the current dividend policy is for between 10-15% of post-tax profits paid as an annual dividend.

The Norse Group will produce an annual 'value statement' summarising the benefits accruing to Norfolk County Council through ownership of the Group, including target rebate, dividend and return on loans.

The increase in Shareholder value has to be balanced against the immediate need for higher profits and dividends. The Group will continue to invest in assets which generate a healthy return on capital and strengthen the Balance Sheet.

The objectives of the Norse Group help in delivering some of the key priorities of Norfolk County Council:

- **Securing more high value jobs** – 56% of the Group's workforce of 10,000 is based in Norfolk

- **More people with learning disabilities secure employment** – Project Search is recognised as one of the leading national programmes to secure employment for people with learning difficulties

- **Businesses grow sustainably** – The Group is growing by an average 10% per annum

- **A highly skilled workforce encourages investment** – The Group has invested over £30m in capital projects in Norfolk alone

- **Households produce less waste and we have lower costs for dealing with it** – The new plant at Costessey Re-cycling Centre has increased capacity and capability to sort and recycle more of Norfolk's waste so reducing the amount going to landfill

- **Vulnerable adults are safe from harm** – The ongoing development of NorseCare and new facilities such as Lydia Eva Court have ensured that the most vulnerable adults can receive the very best care.

The Group will continue to work with Norfolk County Council on its 'Re-imagining Norfolk programme to ensure that it contributes to the key priorities.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Policy and Resources Committee

Item No 11

Report title:	**Disposal and leasing of Properties**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

Proposals in this report are aimed at supporting Council priorities by exploiting properties surplus to operational requirements or pro-actively releasing assets with latent value where the operational needs can be met from elsewhere.

The ongoing property disposals programme is therefore one of the key strategic actions within the Asset Management Plan with a sharp focus on maximising income through adoption of a more commercial approach to property.

Executive summary

As part of corporate management of property and systematic approach to reviewing the use and future needs of assets for service delivery there is now more emphasis on minimising the extent of property estate retained for operational purpose.

By adopting a “single estate” approach internally, and sharing assets with public sector partners through the One Public Estate programme, the Council is aiming to reduce net annual property expenditure by a further £5 million during 2016-2020.

Consideration is also given to suitability of the surplus assets for use or development to meet specific service needs that could improve quality of services for users and/or improve financial efficiency for the Council e.g. facilitating the supply of assisted living accommodation and other housing solutions for people requiring care.

This means that as well as continuing with the rationalisation of the operational property estate to reduce the number of buildings used by the Council, a more commercial approach is being adopted over the sale or redeployment of surplus assets generated.

As part of this commercialisation there is now a presumption for undertaking property development on surplus land and buildings to maximise value generated where this is assessed to be viable. Consideration will also be given to retaining assets to form part of the commercial estate to generate income streams to fund delivery of public services.

This report seeks approval to dispose two land holdings by private treaty in pursuance of economic and social priorities.

In addition the report recommends Policy & Resources formally declare a further 80 properties surplus to Council requirements so that The Head of property can continue with the assessment of options for development or immediate disposal for each asset. Final decisions on the method of disposal of each asset will be subject to a further decision process in accordance with Financial Regulations.

Recommendations:

1. P&R is asked to formally declare Carrow House surplus to council requirements and instruct the Head of Property to bring forward options and recommendations for development or disposal to a future P&R Committee meeting.

2. P&R is asked to formally declare Kings Street Stores surplus to council requirements and instruct the Head of Property to bring forward options and recommendations for development or disposal to a future P&R Committee meeting.

3. P&R is asked to formally declare the 11 other service buildings and sundry land holdings (Appendix 1) surplus to council requirements and instruct the Head of Property to bring forward proposals for development or disposal at future P&R Committee meetings..

4. P&R is asked to formally declare the 67 former Highway landholdings (Appendix 2) surplus to council requirements and authorise the Head of Property to implement a programme of property disposals to maximise income for the council.

5. P&R is asked to approve disposal of a part or the whole of Land at London Road, Attleborough to Eastern Attachments Ltd. at full market value and terms to be approved by the Executive Director of Finance in consultation with the Chair of this Committee.

6. P&R is asked to consider one of the following options in respect of the Horsford Playing Fields and former Manor House (currently leased);

   I. Approve the sale of the land to Norwich City Community Sports Foundation, subject to final terms to be agreed by the Executive Director of Finance in consultation with the Chair of P&R.

   II. Approve the marketing the land for recreation use and invite financial bids with proposals for the development of facilities so that the decision can take account of community benefits.

1.0 Introduction

1.1 The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is held principally to support direct service delivery, held for administrative purposes or to generate income. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

1.2 In the event of a property becoming surplus to a particular service need there are internal officer processes to ascertain whether other service areas have an unmet need that could be addressed by transferring the asset to that service.

1.3 This process has also been extended to ascertain if surplus properties would be of beneficial use by a public sector partner. Any proposals for retention or transfer to another organisation are only agreed if supported by a robust business case showing service benefits and are funded from approved budgets.

1.4 The above assessments are carried out by the Corporate Property Officer (The Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further council requirement the Policy & Resources Committee is asked to formally declare sites surplus.

1.5 The Head of Property reviews options for maximising income from surplus properties. These will range from selling immediately on the open market (to the bidder making the best offer overall), through to direct development of the land and buildings and selling the completed assets, in the expectation of enhanced income for the Council.

1.6 For properties to be sold immediately there is sometimes a need to consider selling directly to a specific purchaser instead of going to the open market. This may be justified where the third party is in a special purchaser situation and is willing to offer more than the assessed market value. Conversely this might be to a purchaser who is in a unique position of control the unlocking of the full latent value of the Council site (ransom situation). A direct sale without going to market can also be justified if there are specific service benefits or a special partnership relationship which is of strategic value with service/community benefits.

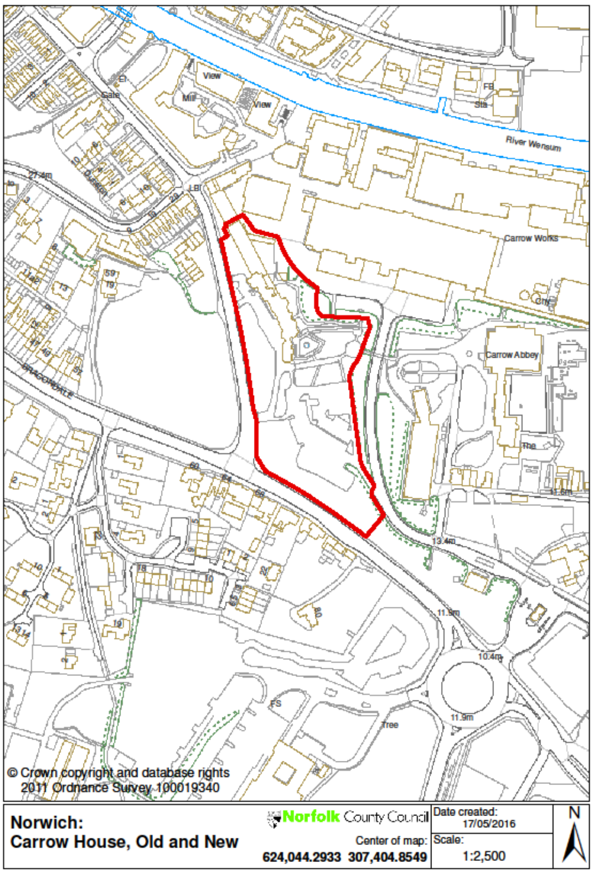
1.7 In making recommendations for direct sale without going to market, or direct property development, the Head of Property will consider risks, opportunities, service objectives, financial requirements and community benefits.

2.0 Proposals

Corporate Offices and Service Properties

2.1 As part of the Office Accommodation Strategy, and through a review of buildings declared surplus by services, the following properties have been confirmed by CPSG as surplus to Council requirements and the Committee is asked to formally declare these surplus to Council requirements. The Head of Property will continue to assess options to maximise income for the Council and bring forward reports to future P&R meetings to secure decisions for direct property development or immediate sale.

Carrow House, Norwich

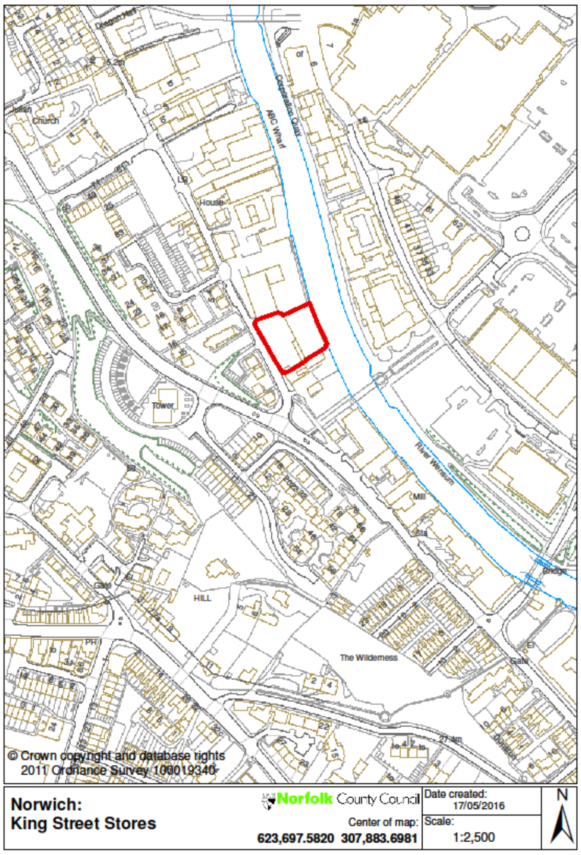


2.2 This office building is being vacated as part of the County Hall Refurbishment Project by the end of this year. In addition to yielding annual cost reductions of £430,000. The development or disposal of the site will contribute significantly to the budgeted capital receipts supporting the Council's Capital Programme. The options for development or disposal will be reported to a future P&R committee for a decision.

2.3 Initial planning advice indicates that in addition to continuing use as offices there is scope for mixed use or wholly residential development. Given the location and extent of the site there is likely to be interest from end users, investors as well as property developers. To maximise financial return for the Council it is proposed to commission detailed option appraisals including feasibility studies, site investigations, surveys and financial assessment of all the viable options.

2.4 P&R is asked to formally declare Carrow House surplus to council requirements and instruct the Head of Property to bring forward options and recommendations for development or disposal to a future P&R Committee meeting.

King Street Stores



2.5 This building is surplus to requirements and has been used as a temporary furniture store recently. With the County Hall refurbishment project reaching completion there is now an opportunity to release the site for development or disposal. Currently the car park on site is leased on a temporary licence to generate some income. In addition to yielding annual cost reductions the site will generate income from development or disposal of the site. The options for development or disposal will be reported to a future P&R committee for a decision.

2.6 Initial planning advice indicates that there is scope for a residential development on this site. Given the river front location there is likely to be interest from property developers who may also consider opportunities for assembling land to generate a more comprehensive and ambitious development in this location with the benefit of the river front and recent regenerative stimulation of the area. To maximise financial return for the Council it is proposed to commission detailed option appraisals, including the scope for any land assembly, feasibility studies, site investigations, surveys and financial assessment of all the viable options.

2.7 P&R is asked to formally declare Kings Street Stores surplus to council requirements and instruct the Head of Property to bring forward options and recommendations for development or disposal to a future P&R Committee meeting.

Other Service Buildings and Land Holdings

2.8 As a result of ongoing review of properties with service departments and working with NPS Property Consultants a further 11 assets have been identified as surplus to service needs. Following a review by the Head of Property in consultation with CPSG it has been confirmed that none of these are suitable for other service use.

2.9 For some of these buildings there has already been some interest expressed by local community groups and other interested parties wishing to use or purchase the properties. A number have been let out on a short term basis pending a review of options.

2.10 Further work is required to ascertain the potential value of these assets but in the meantime it is proposed that these assets are declared surplus so that they can be progressed as part of the disposals programme.

2.11 P&R is asked to formally declare the 11 other service buildings and sundry land holdings (Appendix 1) surplus to Council requirements and instruct the Head of Property to bring forward proposals for disposals or development at future P&R Committee meetings.

Former Highways Land Holdings

2.12 The Council's property portfolio includes a large number of land pockets across the County that have been left over from various road schemes over the years. Although some may be required in the future or may be used temporarily for specific uses and to generate income a majority of the smaller sites have been declared surplus by the relevant service over the years. There is now an opportunity to review these to consider disposal for income and facilitate beneficial use by local residents.

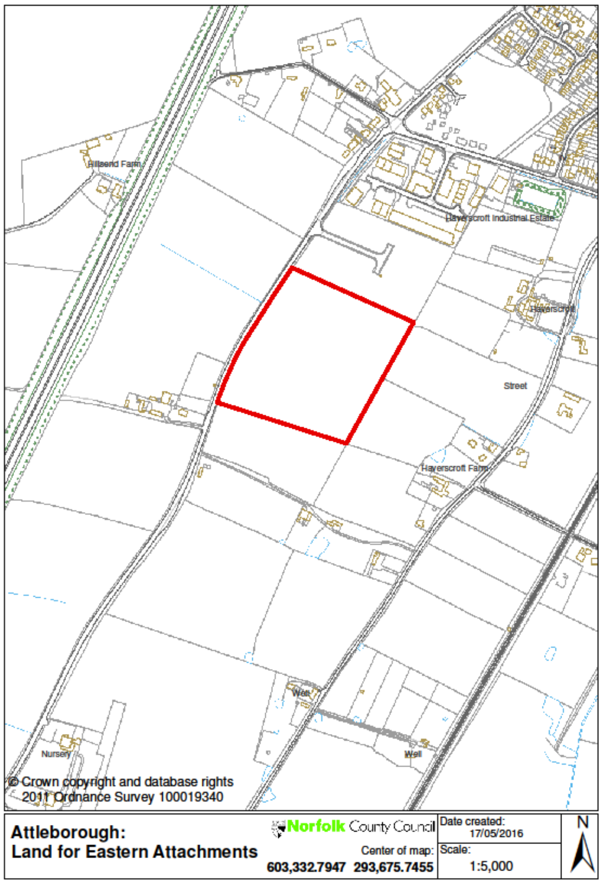
2.13 Following a review by the Head of Property an initial list of 31 former Highways land holdings have been reviewed by CPSG and confirmed as not suitable for other service use. In addition the Head of Property is reviewing a further list of 36 former Highways assets that are not required and therefore likely to be surplus to Council requirements.

2.14 An initial desktop review of the 67 landholdings indicates a mix of small and medium size land parcels with a few specialist assets such as woodlands, former railway lines and a village green. Although savings in property costs from disposal of these holdings is likely to be small, their continued ownership does require management and there are risks of periodic expenditure to deal with grounds maintenance, fly tipping and health and safety works.

2.15 Based on initial disposal work and unsolicited enquiries received it is expected that there will be interest from adjoining landowners and other interested parties to acquire many of the holdings except the very small strips of land. Further work is required to assess the potential proceeds from the sale of these surplus landholdings. This will include identification of any land located adjacent to sites with potential development value or those holdings that may have scope for generating value in isolation. Advice on the most efficient method of disposal of the sites will be sought to enable the formation and development of a programme of disposals of these landholdings.

2.16 P&R is asked to formally declare the 67 former Highway landholdings (Appendix 2) surplus to Council requirements and authorise the Head of Property to implement a programme of property disposals to maximise income for the council.

Land in Attleborough



2.17 This 13 acres land to the south of Attleborough adjoining Victory Park forms part of the County Farms Estate and has been widely thought that alternative uses would come forward as Attleborough expands.

2.18 The land is considered to have industrial, commercial use or B1, B2 and B8 of the relevant Orders and Acts and become a natural expansion to the industrial estates adjoining.

2.19 About a year ago an Attleborough based company Eastern Attachments approached the County Council with regard to the 13 acres and whether their company could acquire 7 acres of the site for their proposed business expansion plans.

2.20 Eastern Attachments is an Attleborough based manufacturing company currently turning £6m per annum and employing 37 people. It is a highly innovative company, using highly specialised techniques and materials to produce attachments for JCB diggers, earthmovers and other plant. The company does not simply manufacture to order, but is now seen as a strategic partner of JCB whereby it is helping to redesign and innovate the products, as well as how they are produced.

2.21 The company is working at full capacity out of two detached sites on an Industrial Estate to the northeast of Attleborough, and turning substantial volumes of business away. JCB would like to substantially expand the volume of business it puts to EA and other major manufacturers are also waiting to work with the company. In order to satisfy this growing demand and the company's own ideas for a wide range of product diversification, it needs to expand.

2.22 Their preference as family run company is to remain in the Attleborough area and continue to; a) maintain and build on their skilled local workforce, and; b) maintain and increase the local supply chain. Their proposed growth could see staff numbers double within 2-3 years and ultimately if demand continues as expected, total employment could exceed 200.

2.23 In tandem with Eastern Attachments expression of interest, Children's Services were also been looking for solutions to resolve the provision of education for all Key Stages in Attleborough. The studies undertaken required the provision of a new Primary School to be located in the south of Attleborough, a 10 acre site was identified off London Road which formed part of a larger mixed residential site and commercial development.

2.24 The current position is that the Council has submitted an outline planning application for change of use of that 10 acre site to education use. Linked to that application and to off-set the loss of commercially allocated land the Council has submitted an outline planning application for the change of use to commercial, industrial use on this 13 acre site.

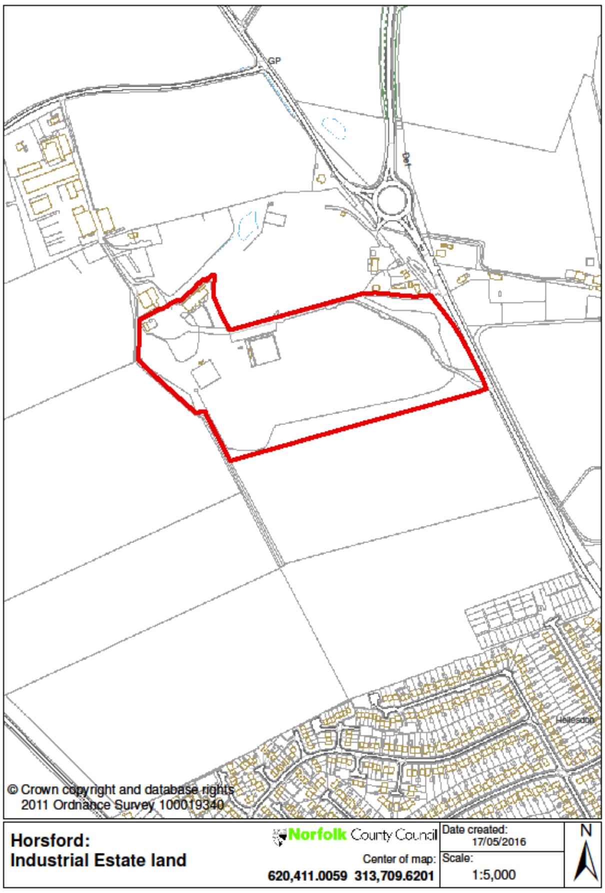
2.25 Pending determination of the planning application the Head of Property has instructed NPS Property Consultants Ltd to commence negotiations with Eastern Attachments Ltd to sell either the whole or a part of this land without going to market. The property transaction will be subject to full market value terms and subject to approval by P&R.

2.26 The justification for direct sale to EA is based on the council's economic development objectives as it is important to support this local employer in securing a suitable site to enable them to fulfil orders which will enable them to grow as a business and retain jobs in Norfolk.

2.27 P&R is asked to approve disposal of a part or the whole of this site to Eastern Attachments Ltd. at full market value and terms to be approved by the Executive Director of Finance in consultation with the Chair of this Committee.

Horsford Playing Fields and Former Manor House

2.28 The property is jointly owned by Norwich City Council and Norfolk County Council (NCC) on a 40:60 ratio, as part of the Norwich Airport Industrial Estate (NAIE). It is currently under a lease in favour of Anglian Windows (AW) expiring 2041. Previously accommodating their Head Office (now demolished) this is a 21 acre site previously used as a staff sports facility, together with a sports pavilion that is also unoccupied.



2.29 NAIE currently receives annual rental of £80,000. However there is a break clause which can be implemented by AW on 31st March 2020. If AW operate the break clause a payment of £280,000 is payable to the joint owners.

2.30 AW have previously marketed their lease interest but appear not to have found a suitable purchaser.

2.31 NCC have recently been approached to approve the sale of this land to Norwich City Community Sports Foundation (NCCSF) who are in the process of securing significant funding to invest in their new sports village facilities.

2.32 On behalf of Norwich City Council, NPS Norwich began discussions with AW to consider how NCCSF might acquire the property. NCSF have sufficient reserves to meet the purchase price in instalments completing in 2020. Exchange of contracts and deferred completion will also allow them the certainty of a freehold to secure funding and allow time for a planning consent. An outline agreement was reached whereby AW would offer a partial surrender of the site in return for a rent reduction and an undertaking to break the lease in March 2020. At the same time the NCCSF would be under contract to acquire the property in 2020. There would be the usual clawback clause in favour of the vendors.

2.33 This transaction and property deal has been approved by Norwich City Council and it is being put forward for consideration by Policy & Resources.

2.34 The Head of Property sought further assurances relating to market value and possible alternative uses for the property. NPS Norwich had previously provided a valuation, this amounted to £645,000, inclusive of the payment on surrender.

2.35 The Head of Property also sought separate planning advice and it was reported that as the site was in a rural setting and partly under the no-fly zone of the adjacent airport, that alternative development for housing or employment use would not be viable. It has also been stated that although a part of the site was previously used for employment the remote location within the site and limited access does not make it attractive and possibly not viable.

2.36 Informal discussions with the parish councils has highlighted a growing deficit of formal recreation spaces in the surrounding area. There is therefore a possibility of interest from the parish councils to bid for the playing fields if offered on the open market.

2.37 The proposals put forward by NCCSF are visionary and very extensive with considerable sporting, recreational and community benefits arising. The property deal negotiated, subject to approval, will also see an earlier use of the site which otherwise will become overgrown and of no benefit to the community.

2.38 Future options for alternative use of the site have been considered but not fully explored e.g. incorporate the land within the County Farms estate or develop as an additional/extended park & ride site.

2.39 In summary the position is that at present the joint owners (county and city councils) do not have vacant possession so any decisions to be implemented will need to be agreed with the current lessee (AW). This situation is likely to change in four years as there is a strong expectation that the lease will be surrendered. At that point the site could become a liability if no viable uses are found and there are no interested purchasers. Although there are no guarantees it is also possible that there will be more interest in the site at that time, including recreational mixed use and potential council uses, for example, as part the rural estate.

2.40 Having discussed their proposals with NCCSF it is clear that there is wide ranging support from sporting and community organisations. The sale of this land to facilitate NCCSF developments as proposed will represent a good use of assets to meet council priorities and therefore a sale direct without market can be justified. However marketing the site is the best form of evidence of market interest and to some extent the market value.

2.41 P&R is asked to consider one of the following options;

A) Approve the sale of the land to NCCSF, subject to terms to be agreed by the Executive Director of Finance in consultation with the Chair of P&R.

B) Market the land for recreation use and invite financial bids with proposals for the development of facilities so that the decision can take account of community benefits.

3.0 Financial Implications

3.1 Decisions in this report will ultimately result in sale proceeds which will support funding of the Capital Programme. Other financial implications include;

- Reduction in property expenditure and financial efficiency through reduction in the number of buildings retained. Each proposal gives an indication of property savings that will be achieved or loss of rent income that will have budgetary implications.
- Generating revenue income/capital receipts from the exploitation of surplus assets.
- Disposal and development costs to fund planning and assessment work. The cost of these will be funded from future receipts.

4.0 Legal implications

4.1 For disposals in the usual way the legal implications are around the parties to agreeing the terms of the agreement for each disposal and entering a contract.

5.0 Background

5.1. There are several strands forming the strategic background to these proposals, namely;

- The overall Councils priorities of excellence in education, real jobs, good infrastructure and supporting vulnerable people.
- The adoption by the Council on 1st June 2015 of a new Asset Management Plan 2015-18 (AMP).
- The adoption of the property savings plan, agreed by Policy and Resources Committee, that calls for £7.3m of savings for 2015-18.
- Re-imagining Norfolk that anticipates improving property and assets, through a more innovative and commercial approach.
- The Norfolk One Public Estate Programme that is supporting the joint strategic exploitation of the combined public sector property estate.
- The Devolution offer anticipates working with government to identify new settlements and accelerate housing delivery.
- The medium term financial strategy includes commercialisation of NCC property assets as a priority to help diversify the Council's funding.

5.2. Strategic asset management is focussed on:

- Releasing properties that are costly, not delivering services efficiently or in the wrong location.
- Exploiting the latent value of the property estate with an emphasis on using the retained estate more intensively or identifying opportunities to generate revenue income or increasing the capital value.

- Reducing future maintenance liabilities and reducing the overall carbon footprint.
- Directing spend on "core" assets that are to be retained over the long term.

5.3. There are several key targets in the current AMP that support these proposals:

- Establish a 5 year Disposals Programme – seek opportunities for development.
- Implement property savings plan for year 1 then followed by years 2 and 3.
- Develop options for "top 10" sites with development potential.
- Deliver strategy to promote surplus/fringe sites for housing.

5.4. Furthermore the County Council is undergoing major service redesign aimed at early intervention and self-help. To this end the council is developing proposals around "Housing with Care" with the objective of keeping people in their own homes for longer.

Officer Contact

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

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

Officer Name:	**Tel No:**	**Email address**:
Dinesh Kotecha	01603 222043	dinesh.kotecha@norfolk.gov.uk

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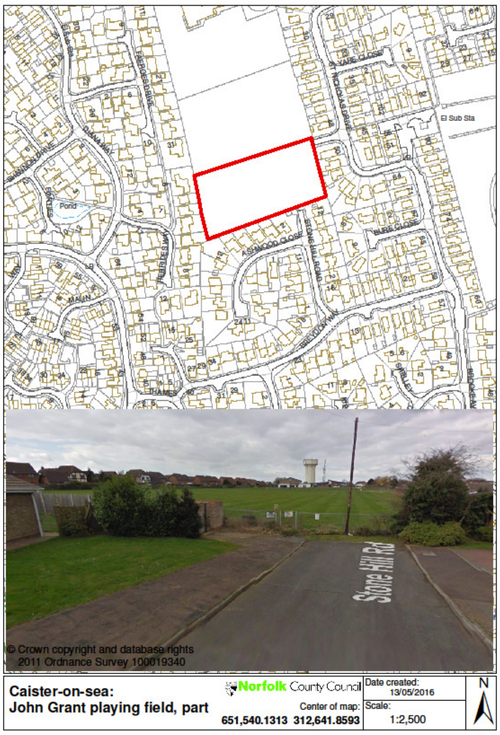
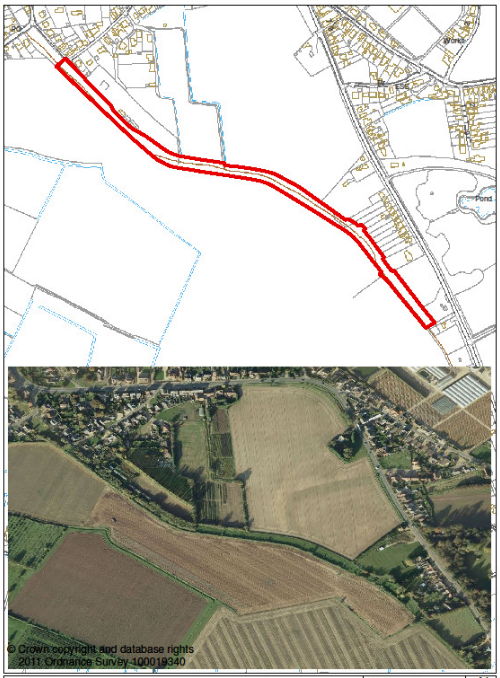
communication for all

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

Appendix 1 – Other Service Buildings and Sundry Land

Service properties to be declared surplus to County Council use (CPSG has confirmed no NCC service use)					
Parish	Site Name	Site Area sqm	Declared Surplus by Service Dept	Service Dept	CPSG Date
Aylsham	Drill Hall	1254	n/a	CAP	07/12/2015
Caister-on-sea	John Grant playing field, part	7522	25/08/2015	CS	07/03/2016
Emneth	Permissive path land (former canal)	19772	27/05/2014	CES	07/03/2016
Emneth	Former Elm Depot	2392	03/04/2012	CES	07/03/2016
Felmingham	Former Station ticket office	2670	25/04/2016	CES	07/03/2016
Hunstanton	Former Infant School	2587	20/05/2014	CS	07/12/2015
Lingwood	former school conservation area	423	2014	CS	10/05/2016
Norwich	Essex Rooms	519		ASC	07/03/2016
Thetford	Warehouse	267	25/04/2016	CES	07/12/2015
Thetford	4 Minstergate	342	25/04/2016	CES	07/12/2015
Trimingham	Campsite	15097		CS	07/12/2015





Emneth:
Permissive path land (former canal)
Norfolk County Council
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Date created: 16/05/2016
Scale: 1:5,000
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Emneth:
Former Elm Depot
Norfolk County Council
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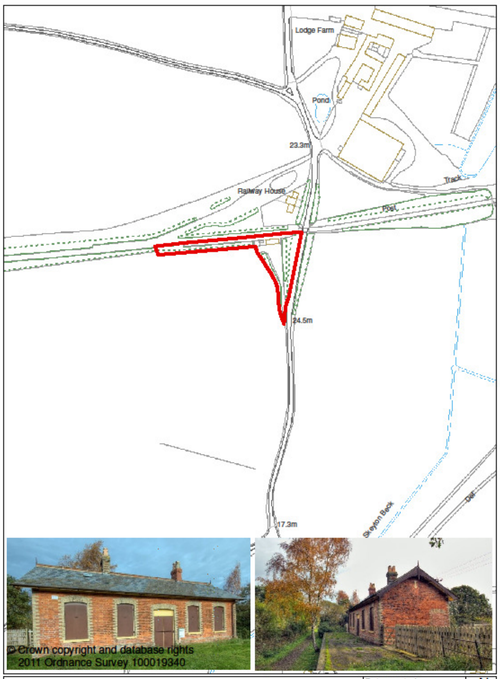

Felmingham:
Former Station ticket office
Norfolk County Council
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Date created: 16/05/2016
Scale: 1:2,500
N

Hunstanton:
Former Infant School
Norfolk County Council
Center of map: 567,547.9736 340,853.2040
Date created: 16/05/2016
Scale: 1:1,250
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Lingwood:
Former school conservation area

Norfolk County Council | Date created: 16/05/2016
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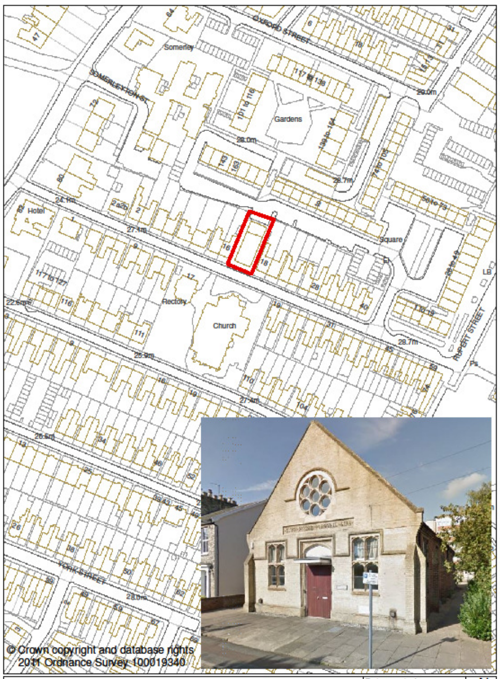

Norwich:
Essex Rooms

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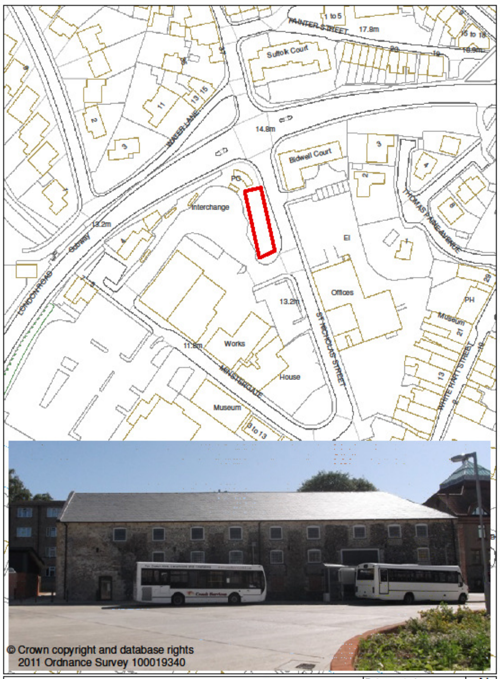

Thetford:
Former warehouse

Norfolk County Council | Date created: 16/05/2016
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Thetford:
4 Minstergate

Norfolk County Council | Date created: 16/05/2016
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Trimingham: Campsite

Norfolk County Council

Center of map: 628,599.5984 338,052.6582

Date created: 16/05/2016

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Appendix 2 – Former Highways Land

Table 1: highway land assets to be declared surplus to County Council use (CPSG has confirmed no NCC service use)					
Parish	Site Name	Site Area sqm	Declared Surplus by Service Dept	Service Dept	CPSG Date
Alburgh	Land at Homersfield Bridge	2081	26/08/2003	CES	07/12/2015
Ashwellthorpe	Land at Mill Stone Cottage	10	02/04/2003	CES	10/05/2016
Belton	Land adjoining New Road	272	27/01/1982	CES	10/05/2016
Billingford	Land at The Street	64	07/05/2003	CES	10/05/2016
Bodham	Land at A148	850	10/08/2007	CES	10/05/2016
Brooke	Land adjoining B1322	1408	23/01/2013	CES	10/05/2016
Burnham Market	Land at Docking Road	2001	19/07/2012	CES	10/05/2016
Caister-on-sea	1 plot adjoining A149 (south)	108	13/12/2010	CES	10/05/2016
Cawston	Land adjoining B1145	2331	17/12/2010	CES	10/05/2016
Diss	Land at Church Street carpark	100	?	CES	10/05/2016
Gayton	Land at Back Street	423	31/03/2009	CES	10/05/2016
Great Yamouth	Land at Crittens Road	817	18/01/2013	CES	10/05/2016
Hockham	Land adjoining A1075 Wretham Road	6325	28/12/2012	CES	10/05/2016
Hunstanton	Former Infant School	2587	20/05/2014	CS	07/12/2015
King's Lynn	Three plots at Sandringham Cycleway	292	02/12/2015	CES	07/12/2015
Litcham	Village Green & carparking space	445	01/01/2006	CES	10/05/2016
Martham	Land at Repps Road	1247	17/12/2010	CES	10/05/2016
North Elmham	Land adjoining B1110, Holt Road	2623	13/02/2012	CES	10/05/2016
Norwich	Land at Rosary Road - Lollards Road	335	28/12/2012	CES	10/05/2016
Norwich	Land at Rosary Road - 33,35,39	27	08/07/1998	CES	10/05/2016
Norwich	Land at Martineau Lane	7241	?	CES	10/05/2016
Ormesby St Michael	Land at Elmhurst	805	16/05/2001	CES	10/05/2016
Southery	Land adjoining Mill Road	45	28/12/2012	CES	10/05/2016
Stibbard	Land at Fulmodeston Road (for village sign)	238	05/10/2001	CES	10/05/2016
Stratton Strawless	Land adjoining Stratton Road	2075	05/03/2013	CES	10/05/2016
Thorpe Market	Land opposite Pitt Cottage (A149)	287	10/08/2007	CES	10/05/2016
Trowse	Land near Crown Point	1487	?	CES	07/03/2016
Trowse	Land adjoining A146 bypass	3066	16/11/2012	CES	10/05/2016
Wells	Former railway line (to south & north)	3336	25/05/1982	CES	10/05/2016
Wortwell	Land at Low Road	1659	27/10/2010	CES	10/05/2016
Wramplingham	Land at Wymondham Road	519	02/07/2013	CES	10/05/2016

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Alburgh:
Land at Homersfield Bridge
Norfolk County Council
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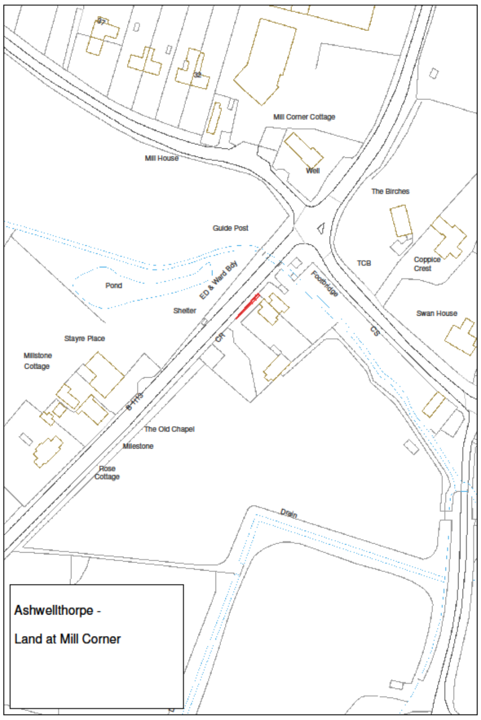
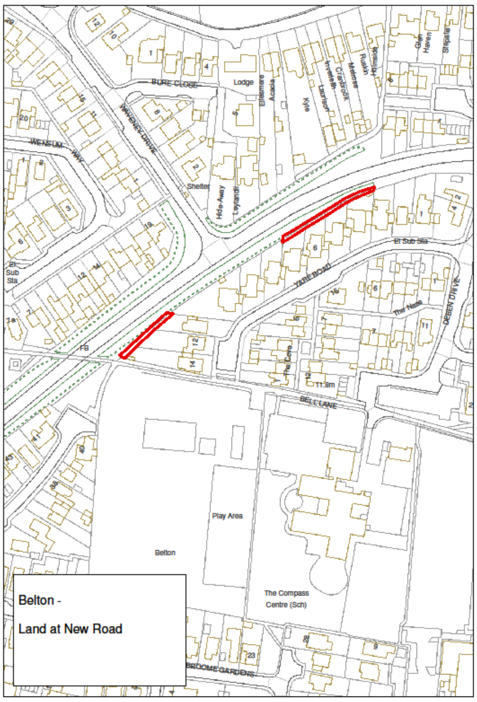
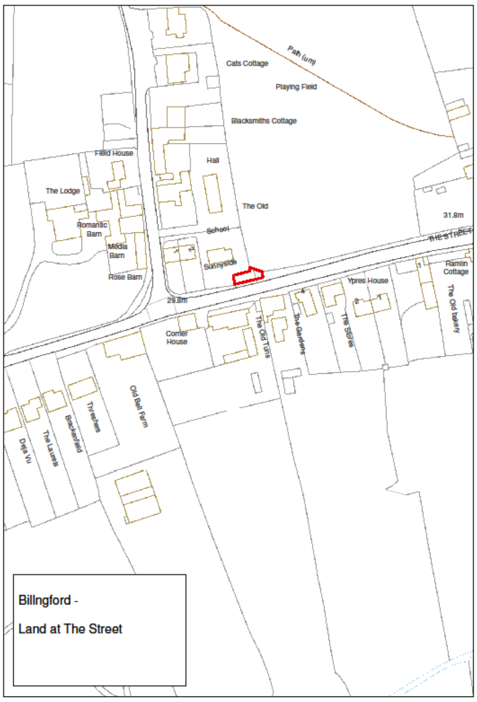
B1062
Sewage Works
The Black Swan
Cottages
Plumtree Cottage
Green View



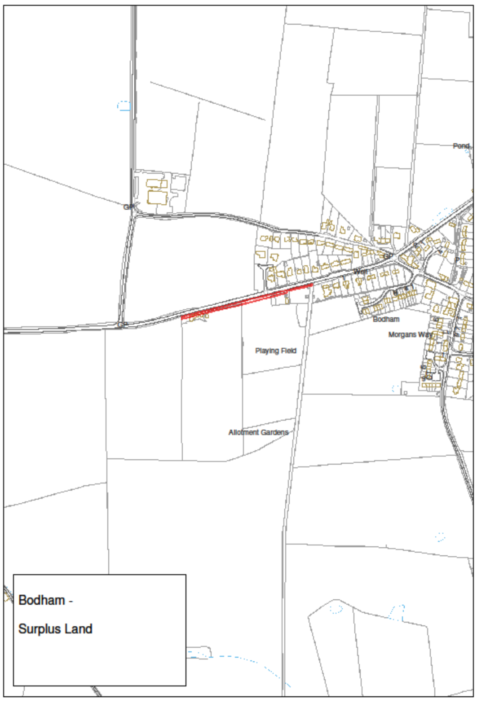
Ashwellthorpe -
Land at Mill Corner
Mill Corner Cottage
Mill House
The Birches
Guide Post
Coppice Crest
Swan House
Pond
Shelter
Stayre Place
Millstone Cottage
The Old Chapel
Rose Cottage
Drain



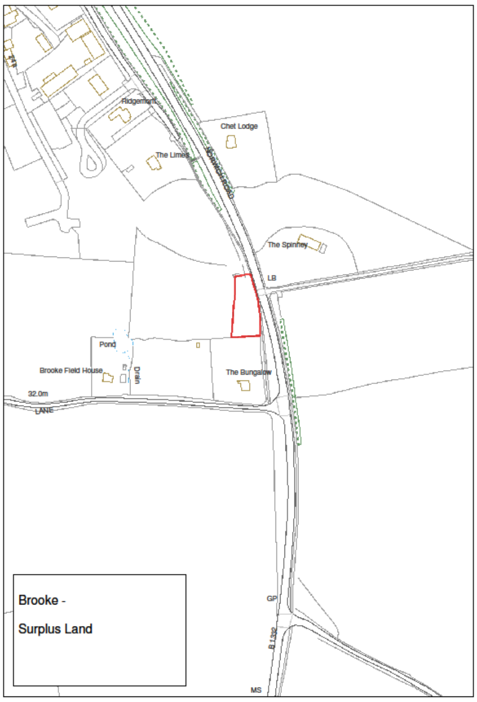
Belton -
Land at New Road
BURE CLOSE
WENSUM WAY
YARE ROAD
BELL LANE
Play Area
The Compass Centre (Sch)
BROOME GARDENS



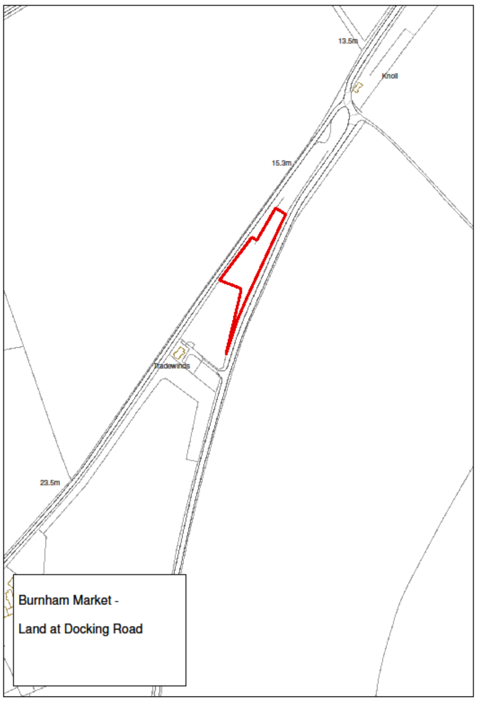
Billingford -
Land at The Street
Cats Cottage
Playing Field
Blacksmiths Cottage
Field House
The Lodge
Hall
Romantic Barn
Rose Barn
THE STREET
Ypres House
Corner House
Old Bell Farm



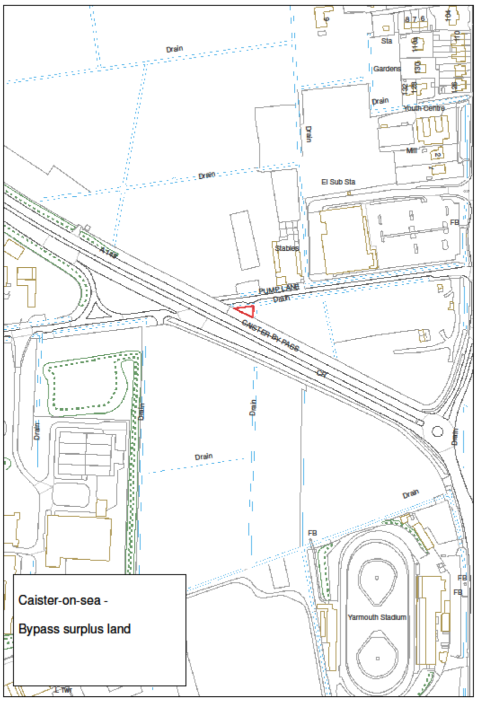
Bodham -
Surplus Land



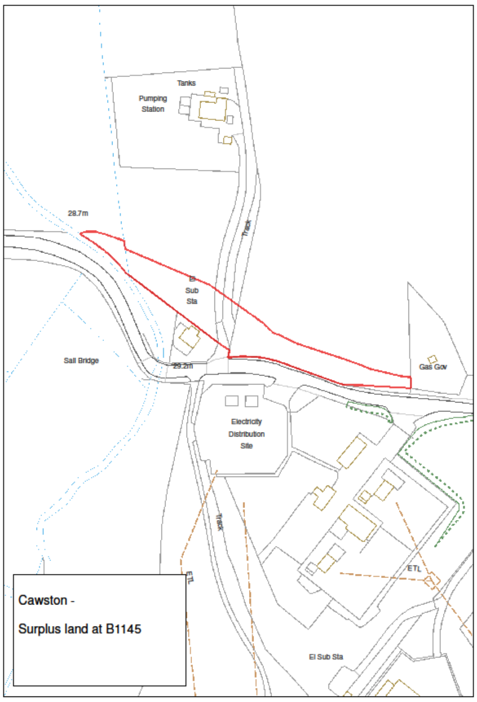
Brooke -
Surplus Land

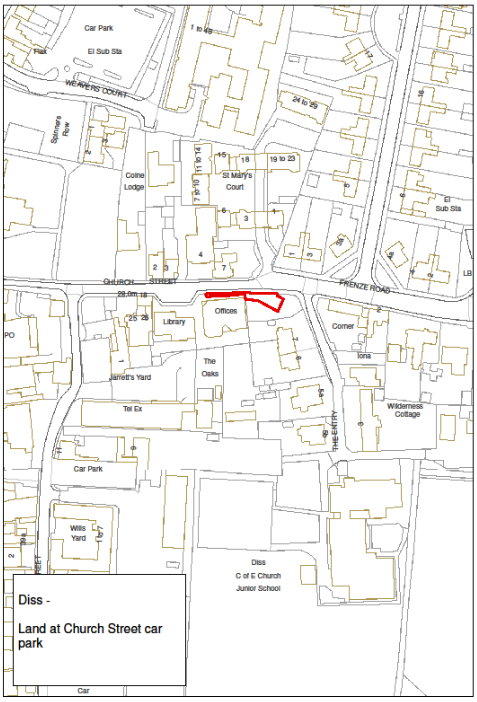


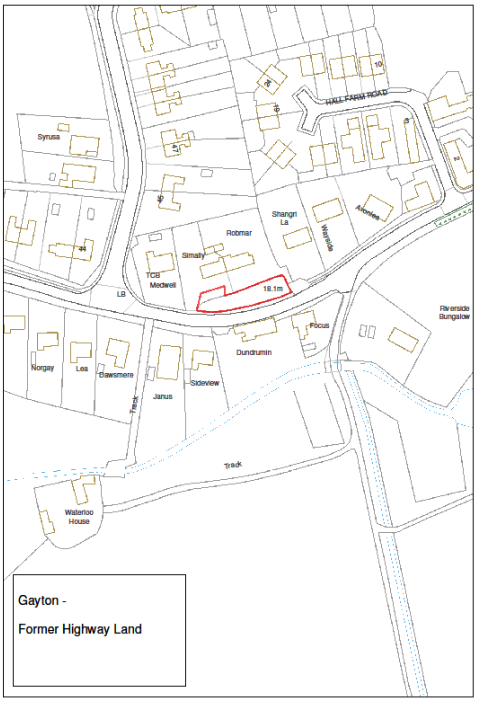
Burnham Market -
Land at Docking Road



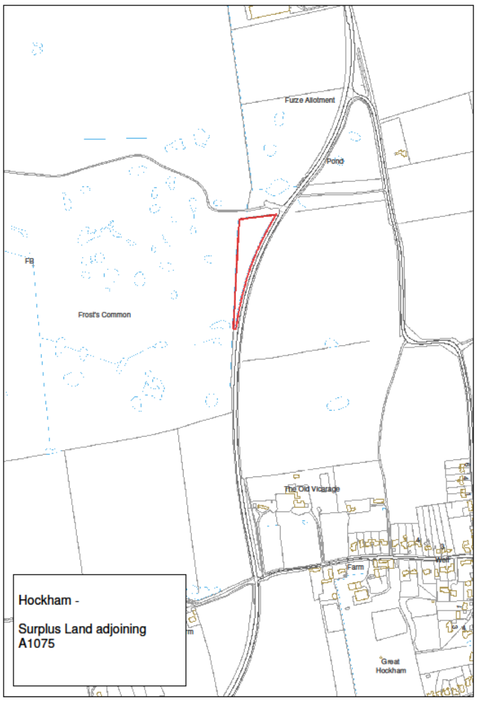
Caister-on-sea -
Bypass surplus land

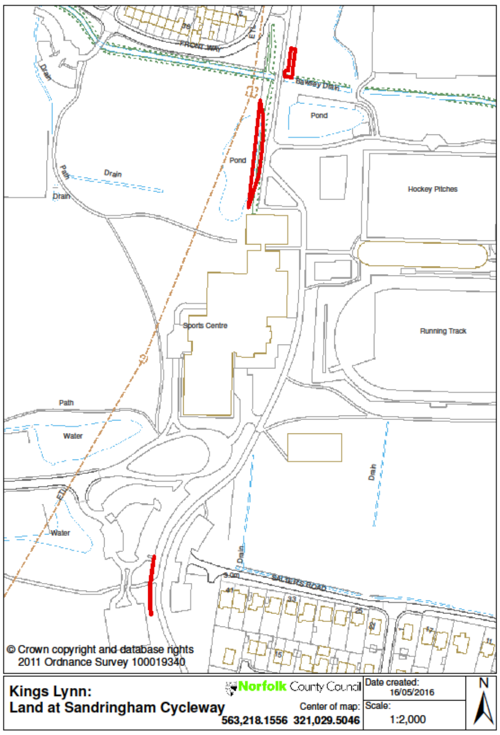

Cawston -
Surplus land at B1145
Pumping Station
Tanks
Track
El Sub Sta
Salt Bridge
Electricity Distribution Site
Gas Gov
El Sub Sta


Diss -
Land at Church Street car park
Car Park
El Sub Sta
WEAVERS COURT
Colne Lodge
St Mary's Court
CHURCH STREET
FRENZE ROAD
Offices
Library
Jarrett's Yard
The Oaks
Corner
Iona
Tel Ex
Car Park
THE ENTRY
Wilderness Cottage
Wills Yard
Diss C of E Church Junior School

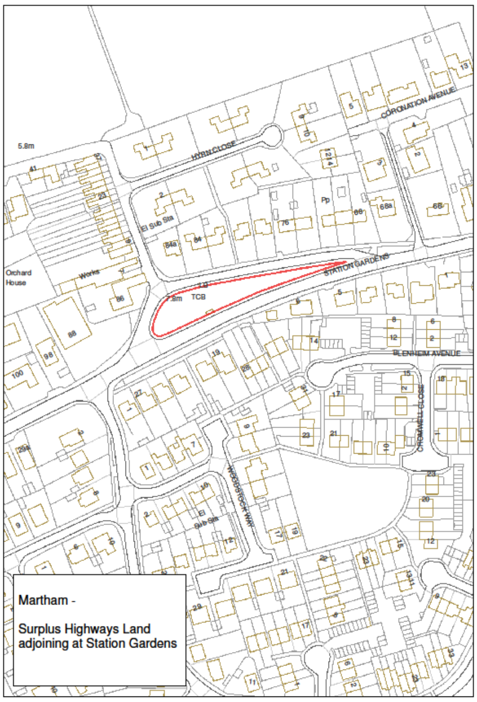

Gayton -
Former Highway Land
HALL FARM ROAD
Syrusa
Robmar
Shangri La
TCB
Medwell
18.1m
LB
Riverside Bungalow
Focus
Dundrumin
Norgay
Lea
Dawsmere
Janus
Sideview
Track
Waterloo House

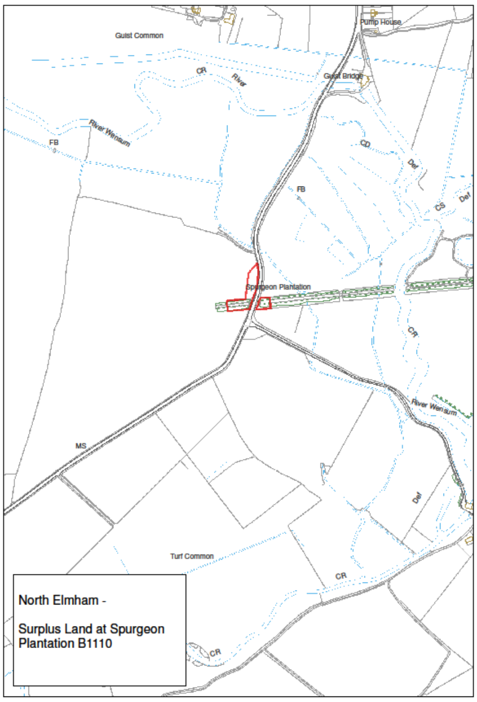

COBHOLM ISLAND
River Yare
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Great Yarmouth:
Land at Crittens Road
Norfolk County Council
Center of map:
651,860.0879 307,554.8093
Date created:
16/05/2016
Scale:
1:2,500
N

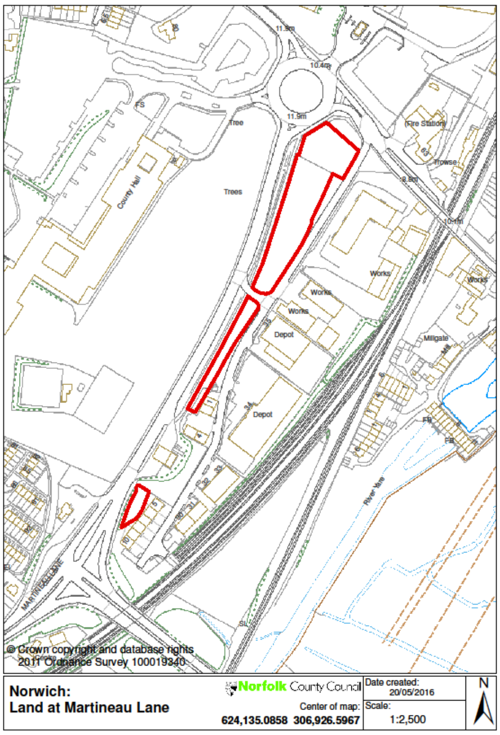

Hockham -
Surplus Land adjoining A1075
Furze Allotment
Pond
Frost's Common
The Old Vicarage
Farm
Great Hockham

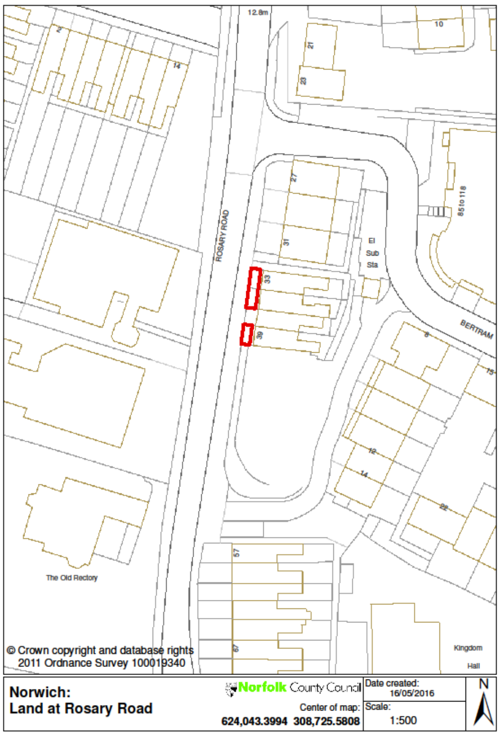

Pond
Drain
Hockey Pitches
Sports Centre
Running Track
Path
Water
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Kings Lynn:
Land at Sandringham Cycleway
Norfolk County Council
Date created: 16/05/2016
Center of map: 563,218.1556 321,029.5046
Scale: 1:2,000
N

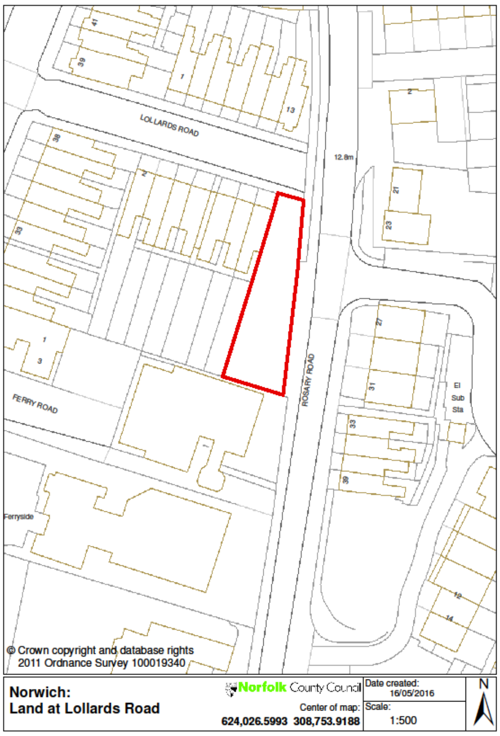

Paston House
Barn
The Old Rectory
Pebble Cottage
Bull Inn
Hall
War Meml
Hooks Cottage
Lodge
St Swithins
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Litcham:
Village Green and car parking space
Norfolk County Council
Date created: 16/05/2016
Center of map: 588,602.5916 317,619.4255
Scale: 1:1,500
N


CORONATION AVENUE
STATION GARDENS
BLENHEIM AVENUE
Orchard House
Works
TCB
Martham -
Surplus Highways Land adjoining at Station Gardens


Guist Common
Pump House
Guist Bridge
River Wensum
Spurgeon Plantation
Turf Common
North Elmham -
Surplus Land at Spurgeon Plantation B1110


County Hall
Trees
Fire Station
Works
Depot
Martineau Lane
River Yare
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Norwich:
Land at Martineau Lane
Norfolk County Council
Date created: 20/05/2016
Center of map: 624,135.0858 306,926.5967
Scale: 1:2,500
N


ROSARY ROAD
BERTRAM
El Sub Sta
The Old Rectory
Kingdom Hall
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Norwich:
Land at Rosary Road
Norfolk County Council
Date created: 16/05/2016
Center of map: 624,043.3994 308,725.5808
Scale: 1:500
N


LOLLARDS ROAD
FERRY ROAD
ROSARY ROAD
El Sub Sta
Ferryside
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Norwich:
Land at Lollards Road
Norfolk County Council
Date created: 16/05/2016
Center of map: 624,026.5993 308,753.9188
Scale: 1:500
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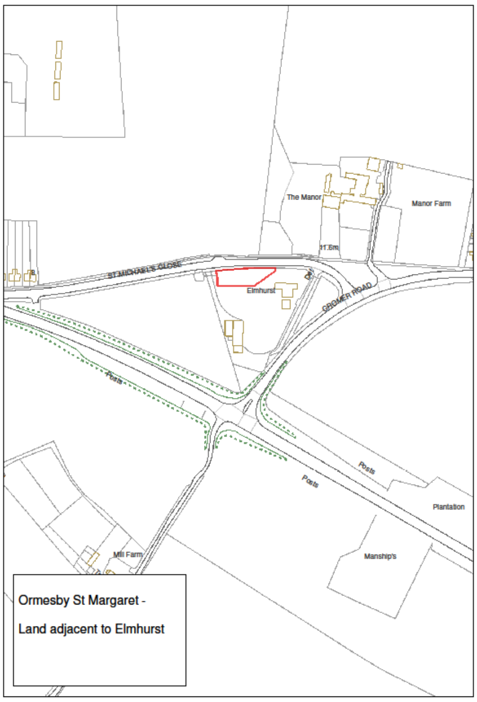
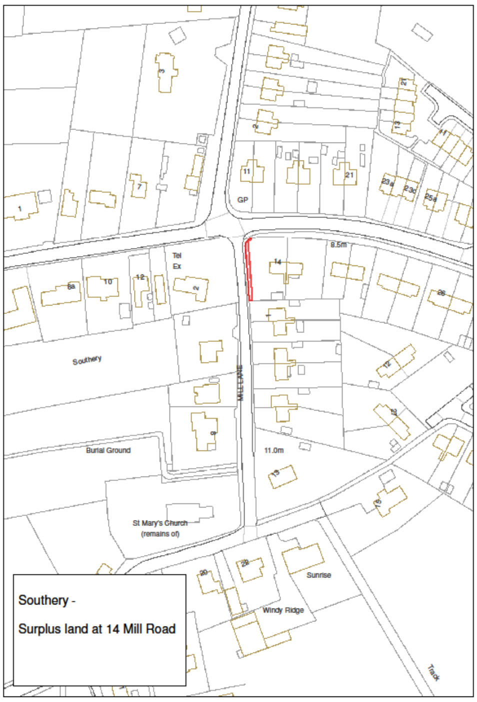
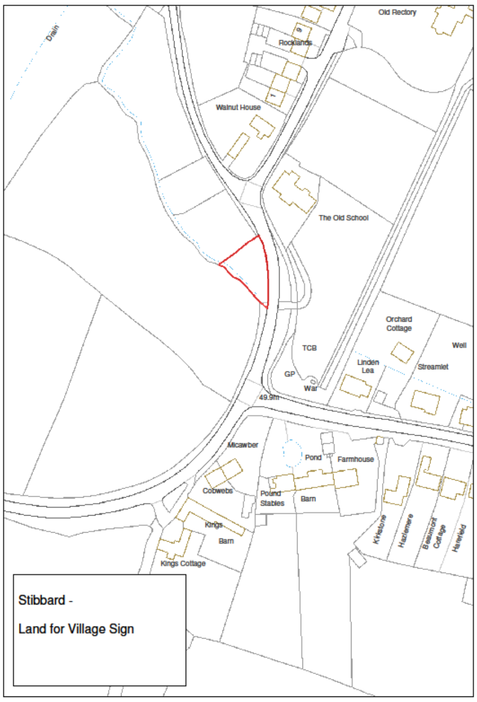


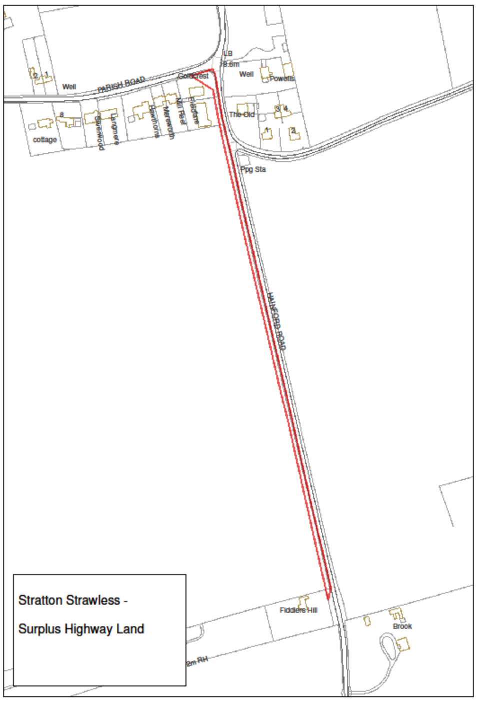
Ormesby St Margaret -
Land adjacent to Elmhurst



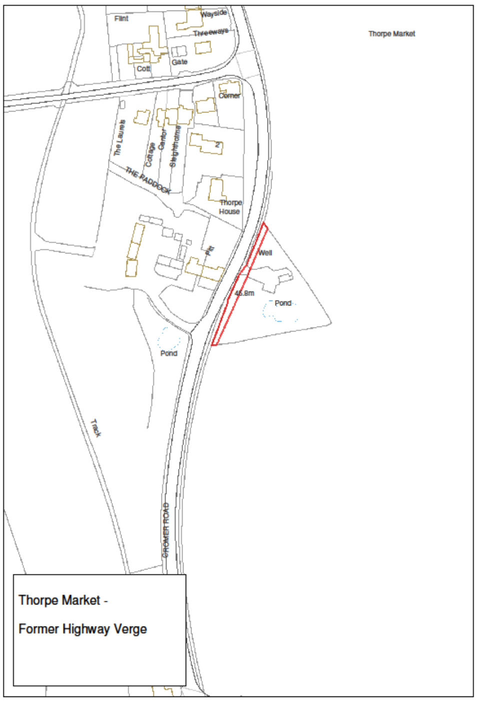
Southery -
Surplus land at 14 Mill Road

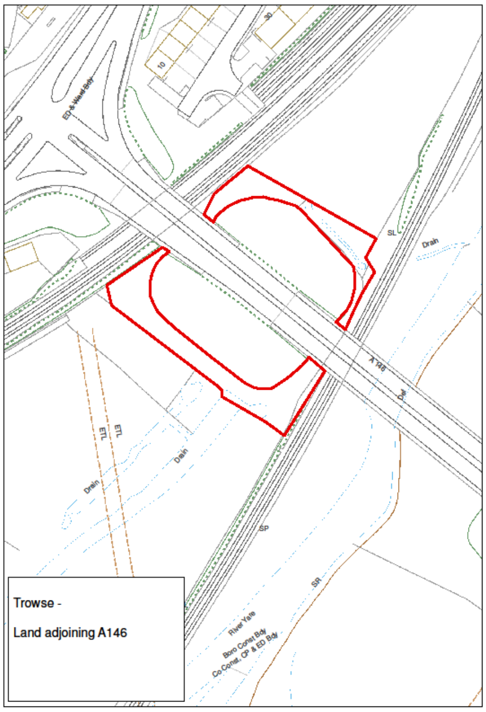


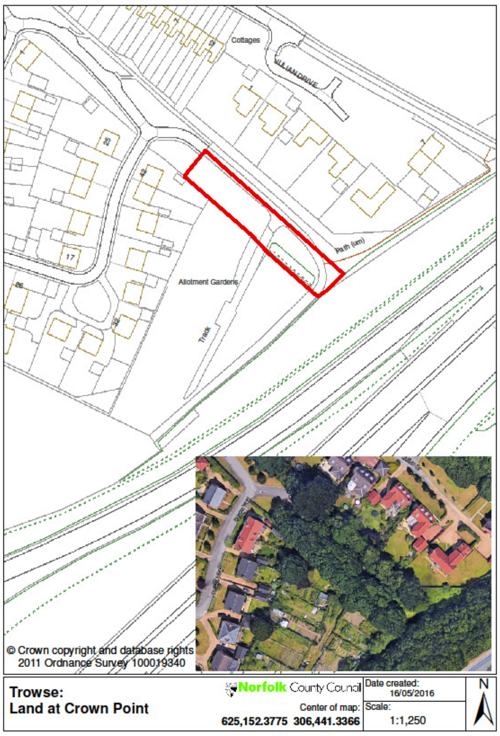
Stibbard -
Land for Village Sign

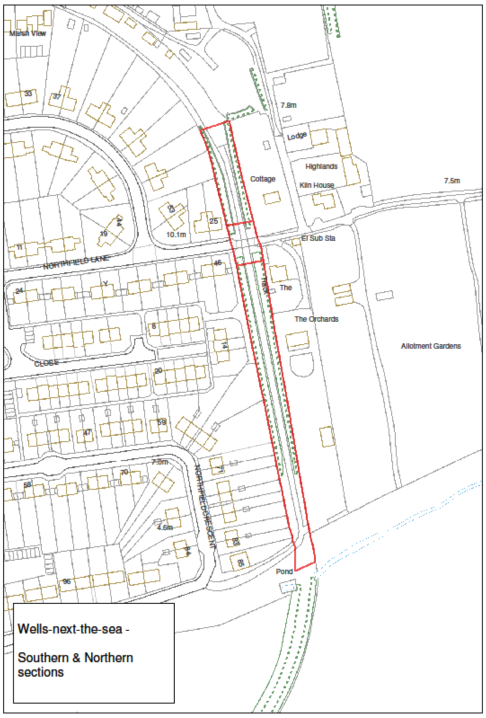


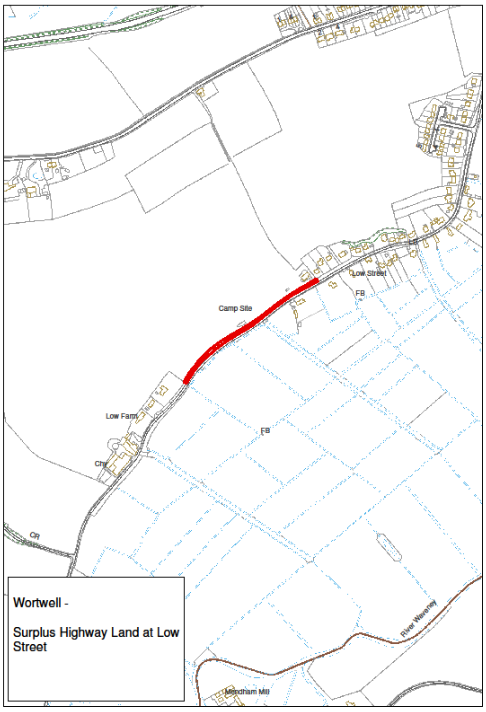
Stratton Strawless -
Surplus Highway Land


Thorpe Market -
Former Highway Verge
Thorpe Market
CROMER ROAD
Track
Pond
Well


Trowse -
Land adjoining A146
A 146
Drain
River Yare

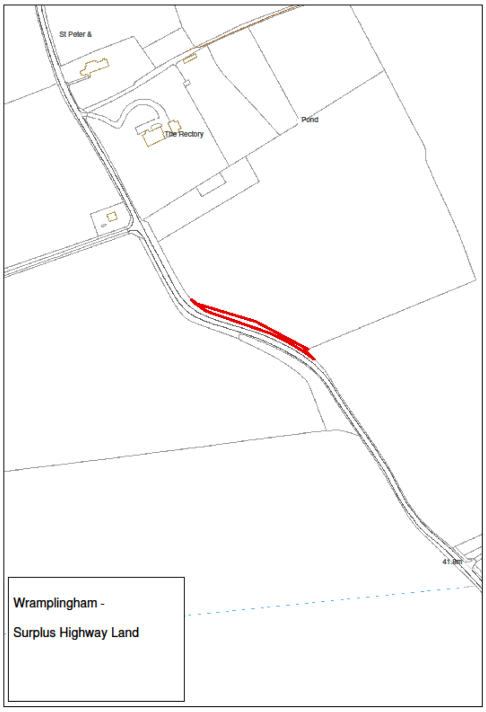

© Crown copyright and database rights 2011 Ordnance Survey 100019340
Trowse:
Land at Crown Point
Norfolk County Council
Date created: 16/05/2016
Center of map: 625,152.3775 306,441.3366
Scale: 1:1,250
N
Allotment Gardens
Track
Cottages


Wells-next-the-sea -
Southern & Northern
sections
NORTHFIELD LANE
Allotment Gardens
The Orchards
Pond



Wortwell -

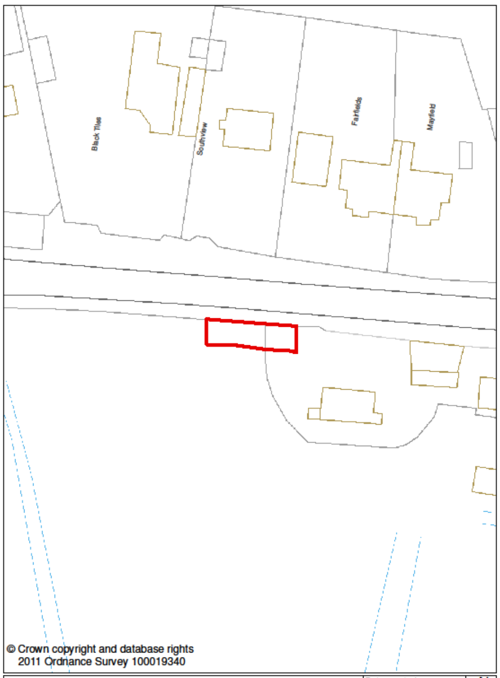
Surplus Highway Land at Low Street



Wramplingham -

Surplus Highway Land

Table 2: Further highway land assets to be declared surplus to County Council use					
	Site Name	Site Area sqm	Declared Surplus by Service Dept	Service Dept	CPSG Date
Acle	Land at Norwich Road	86	22/02/2011	CES	
Aldeby	Land at Beccles Road	154	21/01/2010	CES	
Ashby with Oby	Land at Thurne Road	1502	24/11/1982	CES	
Aylsham	Land adjoining Hungate Lodge	532	14/02/2013	CES	
Bunwell	Land at the Old Turnpike	347	20/07/2012	CES	
East Ruston	Meadow adjoining Weavers Way carpark	5384	31/03/2011	CES	
Great Yamouth	Plevna Terrace	357	17/12/2010	CES	
Great Yamouth	Land at Alpha Road	86	2007	CES	
Great Yamouth	Land at Southtown Road	23	17/10/2001	CES	
Great Yamouth	Land at Gapton Hall Road	4219	26/11/2003	CES	
Great Yamouth	Land at Bells Road	28	18/07/2007	CES	
Haddiscoe	Two plots to north of bridge abutment	4609	08/03/2013	CES	
Hempton	Former Pit, land at Swaffham Rd Part A	1776	29/02/2012	CES	
Holt	Land at Norwich Road / Pound Close	157	10/08/2007	CES	
Holt (Letheringsett)	Former railway line off Thornage Road	33084	03/12/2014	CES	
Holt	Land adjoining bypass	8277	12/07/1993	CES	
King's Lynn	Land r/o 14-17 Norfolk Street	377	13/02/2007	CES	
King's Lynn	Land and gatehouse at Austin St	422	16/01/2013	CES	
King's Lynn	Two plots at Reffley Cycleway	812	22/06/2010	CES	
King's Lynn	Land at Purfleet Street	140	?	CES	
Knapton	Woodland adjacent to Paston Way	13554	07/07/2014	CES	
North Walsham	Land to the rear of Douglas Bader Close	410	?	CES	
North Walsham	Land at Bypass - car park	1919	?	CES	
Northrepps	Former Cromer High Station	9929	11/06/2007	CES	
Reepham	Land adjoining Kerris Pine	-	08/09/2011	CES	
Reepham	Land adjoining Marriotts Way at Old Lane	1541	24/10/2011	CES	
Reepham	Land adjoining Marriotts Way at Greenacres	2890	23/08/2005	CES	
Scole	Lot 1	2287	13/03/2014	CES	
Scole	Lot 2	8718	13/03/2014	CES	
Scole	Lot 3	7408	13/03/2014	CES	
Scole	Lot 4	5176	13/03/2014	CES	
Stalham	Land at Spinners Court	55	08/07/2013	CES	
Thurne	Land at Thurne Road	4044	24/11/1982	CES	
Toft Monks	Plot on west of A143 opp. Walnut Barn	1244	23/01/2013	CES	
Worstead	Land adjoining Gatehouse Cottages	30	15/09/2011	CES	
Wretham	Land adjoining Sunnytrees	221	12/02/2015	CES	



Acle:
Land at Norwich Road

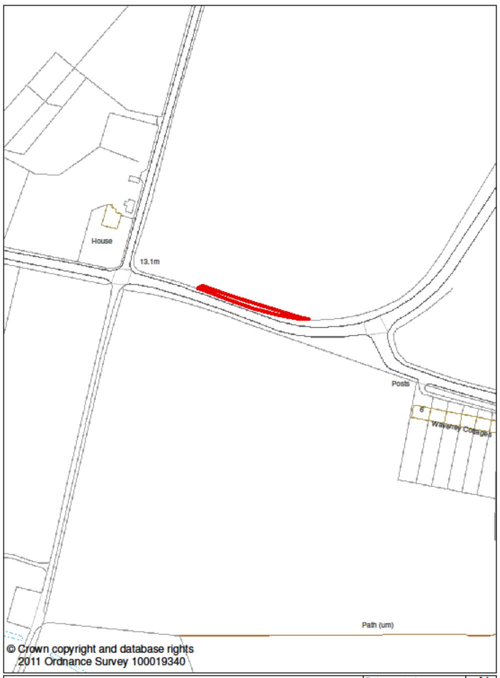
Norfolk County Council

Center of map: 639,741.2171 310,219.3493

Date created: 16/05/2016

Scale: 1:500

N



Aldeby:
Land at Beccles Road

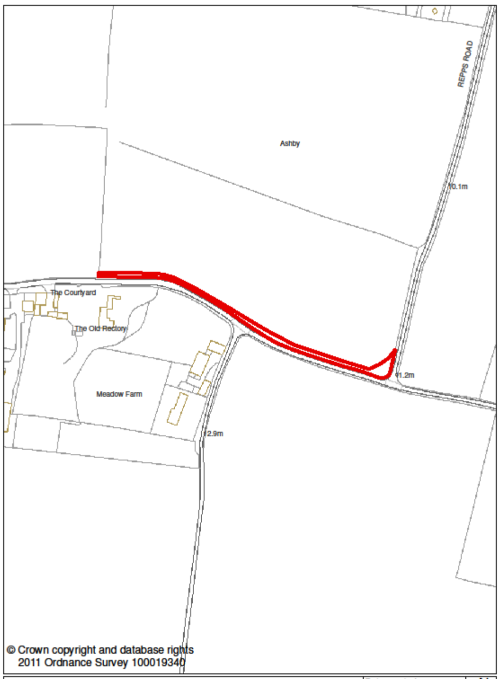
Norfolk County Council

Center of map: 644,703.1873 293,492.4150

Date created: 16/05/2016

Scale: 1:1,500

N



Ashby with Oby:
Land at Thurne Road

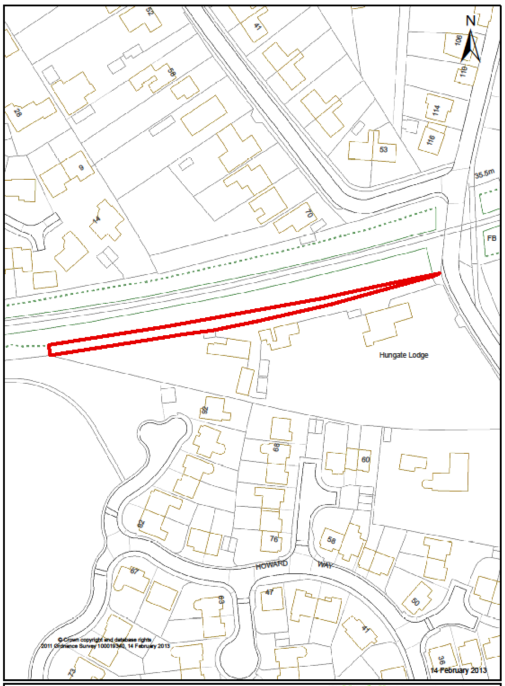
Norfolk County Council

Center of map: 641,718.9579 315,327.7015

Date created: 16/05/2016

Scale: 1:2,500

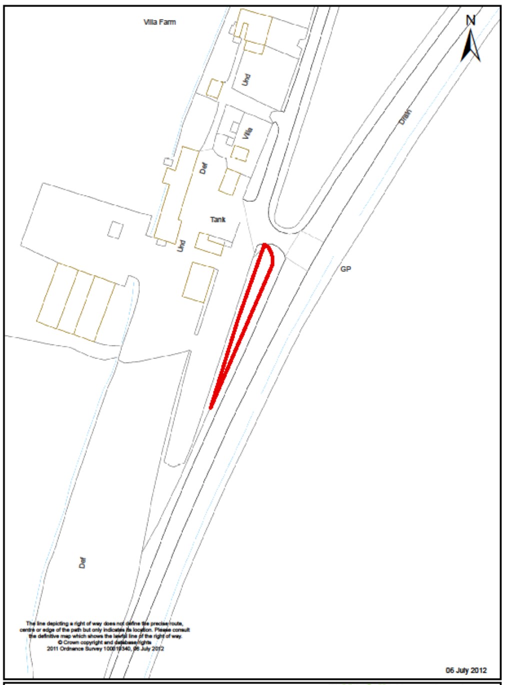
N



Surplus Land at Hungate Street
Aylsham

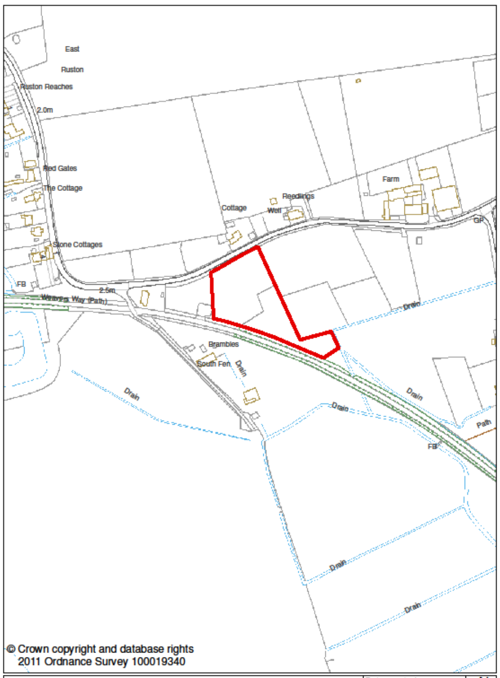
Norfolk County Council

Scale 1: 1000 Centred on 619119 326325



Surplus Land
Bunwell

Norfolk County Council
Planning & Transportation GIS
Scale 1: 1250 Centred on 612378 292380



East Ruston:
Meadow Land adjoining Weavers Way

Norfolk County Council
Date created: 16/05/2016
Center of map: 634,695.6566 327,184.2358
Scale: 1:2,500
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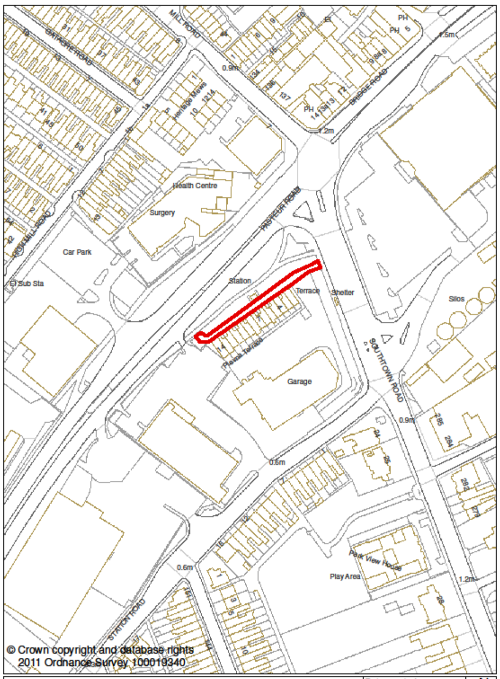
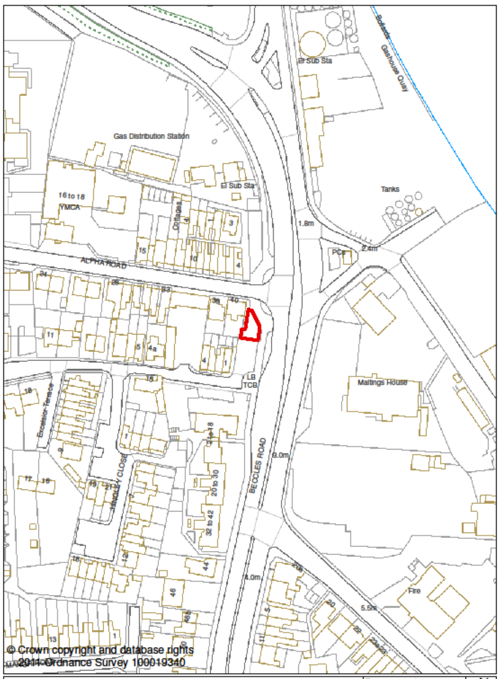


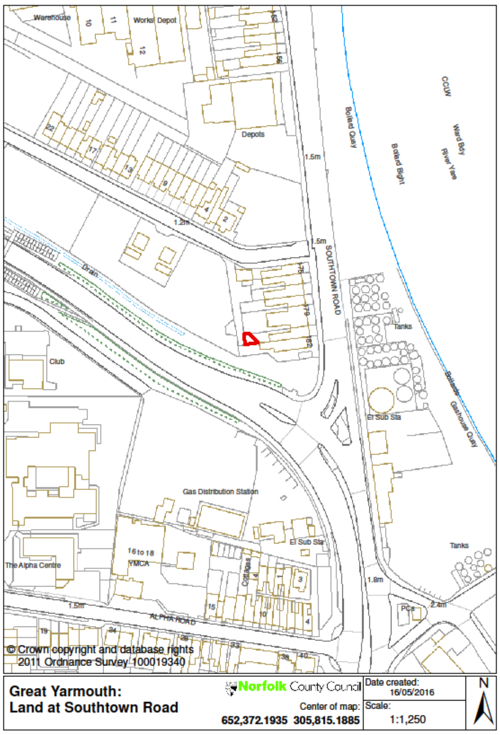
Great Yarmouth:
Plevna Terrace

Norfolk County Council
Date created: 16/05/2016
Center of map: 651,989.1667 307,276.2477
Scale: 1:1,500
N

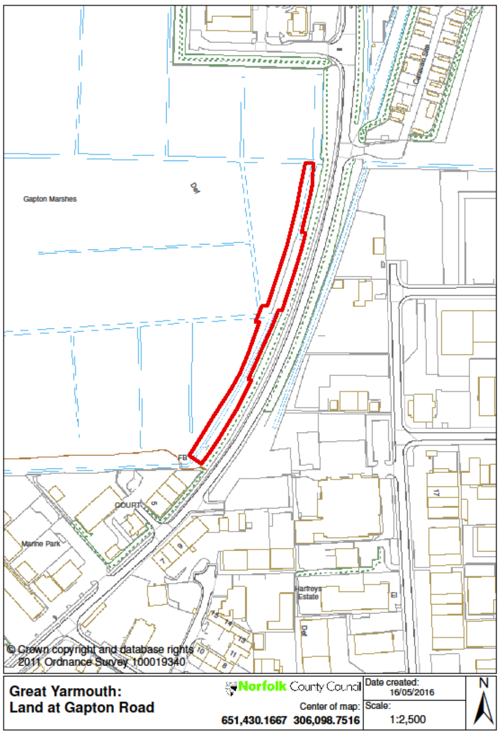


Great Yarmouth:
Land at Aplha Road

Norfolk County Council
Date created: 16/05/2016
Center of map: 652,406.1438 305,640.2421
Scale: 1:1,250
N



© Crown copyright and database rights 2011 Ordnance Survey 100019340
Great Yarmouth:
Land at Southtown Road
Norfolk County Council
Date created: 16/05/2016
Center of map: 652,372.1935 305,815.1885
Scale: 1:1,250
N



Gapton Marshes
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Great Yarmouth:
Land at Gapton Road
Norfolk County Council
Date created: 16/05/2016
Center of map: 651,430.1667 306,098.7516
Scale: 1:2,500
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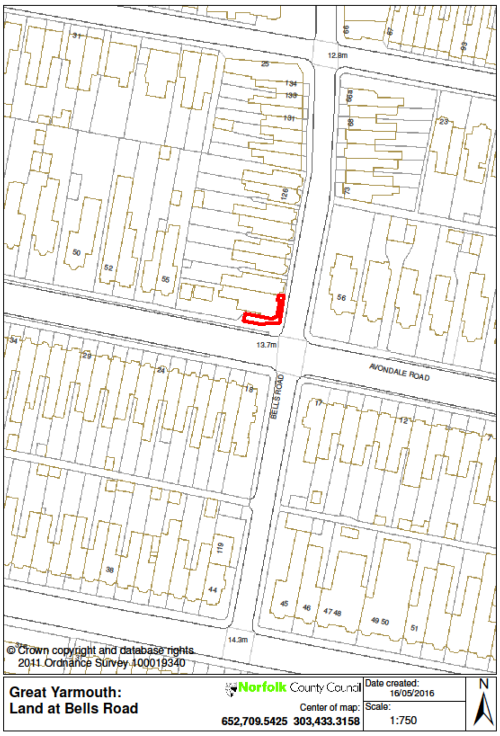

AVONDALE ROAD
BELLS ROAD
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Great Yarmouth:
Land at Bells Road
Norfolk County Council
Date created: 16/05/2016
Center of map: 652,709.5425 303,433.3158
Scale: 1:750
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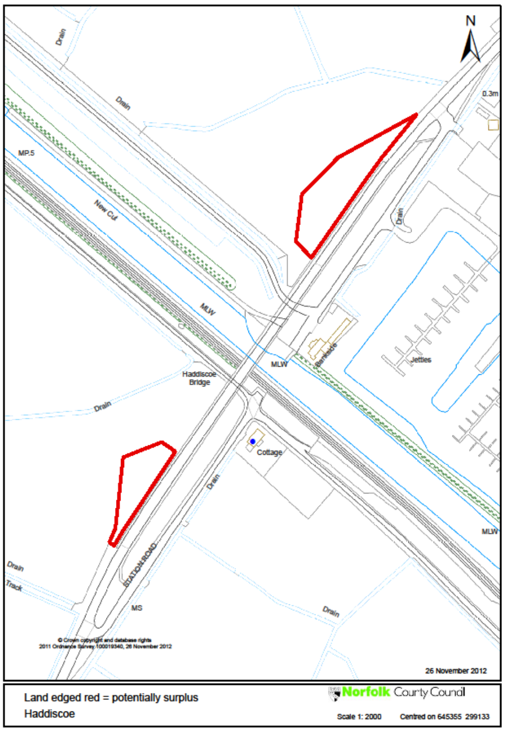
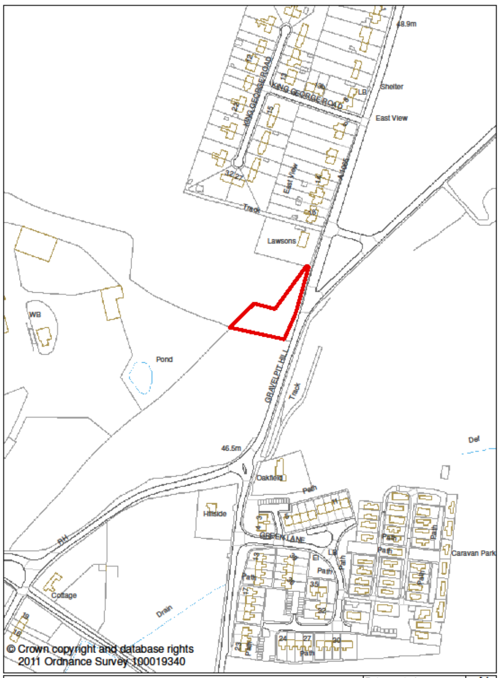
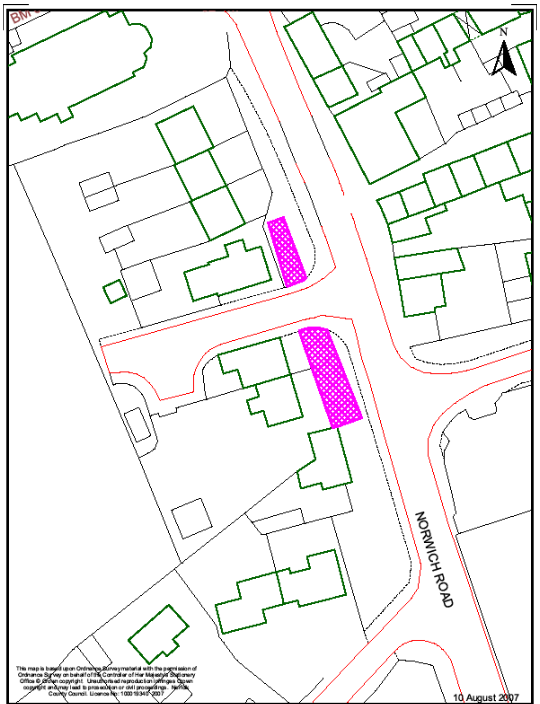


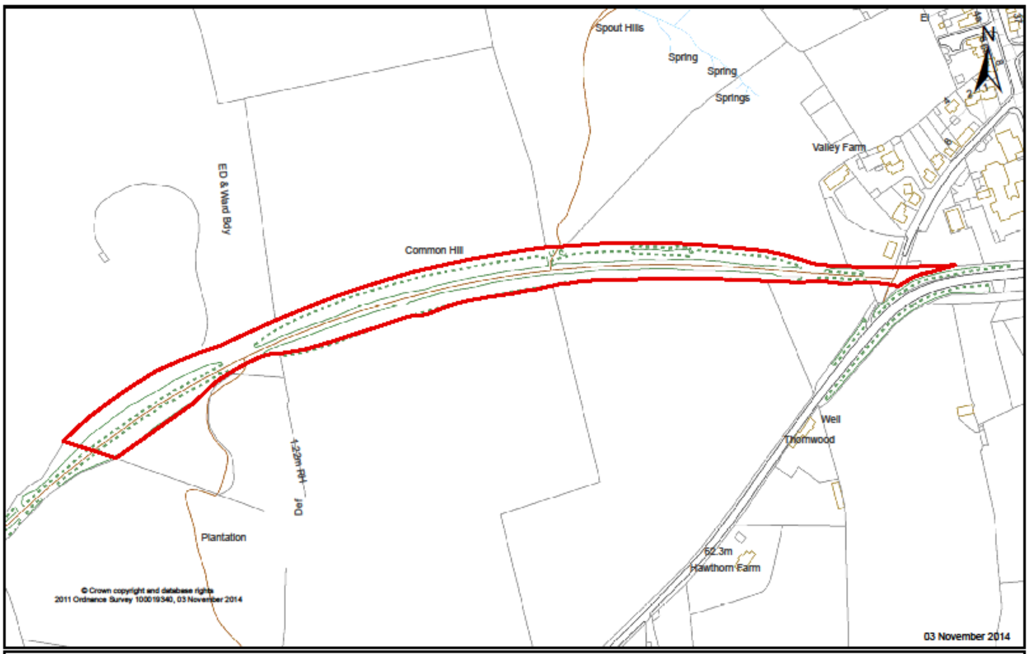
N
Haddiscoe Bridge
STATION ROAD
Cottage
26 November 2012
Land edged red = potentially surplus
Haddiscoe
Norfolk County Council
Scale 1: 2000
Centred on 645355 299133



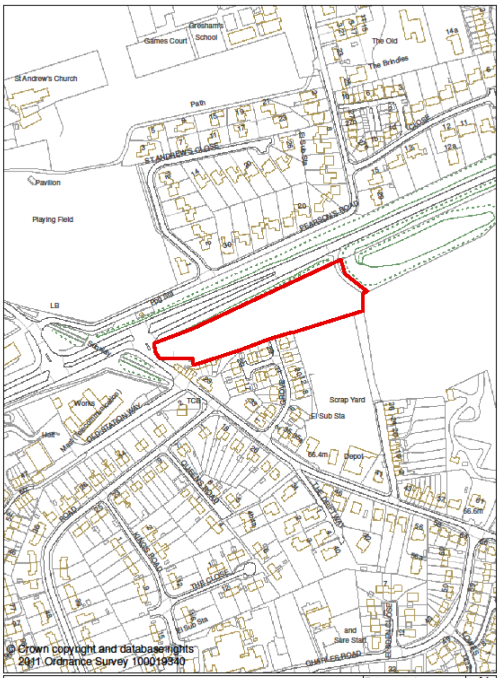
Hempton:
Former Pit, Land at Swaffham Road Part A
Norfolk County Council
Center of map: 590,906.4501 328,521.3079
Date created: 16/05/2016
Scale: 1:2,500
N



Pink hatched = Surplus land
Holt
Norfolk County Council
Planning & Transportation GIS
Scale 1: 500 Centered on 607695 338586



Former Railway land
Letheringsett with Glandford
Norfolk County Council
Scale 1: 3000 Centred on 607310 338347



Holt:
Land at Hempstead Road
Norfolk County Council
Center of map: 608,339.5135 338,557.4930
Date created: 16/05/2016
Scale: 1:2,500
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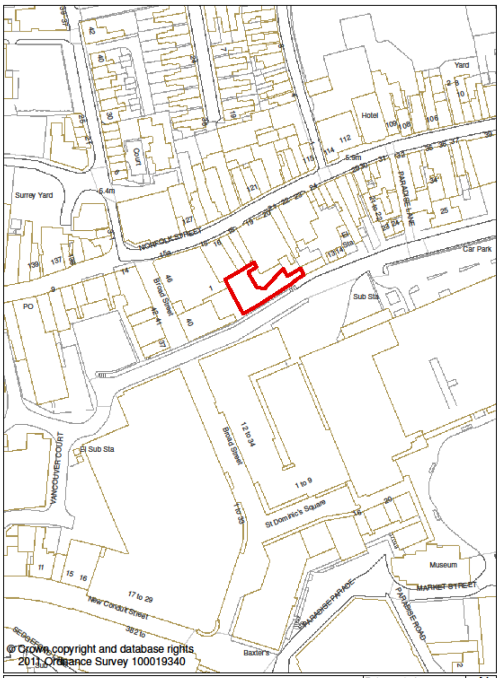

Kings Lynn:
Land to the rear of 14-17 Norfolk Street
Norfolk County Council
Center of map: 561,916.7576 320,167.2691
Date created: 16/05/2016
Scale: 1:1,250
N

Kings Lynn:
Land & Gatehouse at Austin Street
Norfolk County Council
Center of map: 561,849.1461 320,304.9078
Date created: 20/05/2016
Scale: 1:1,250
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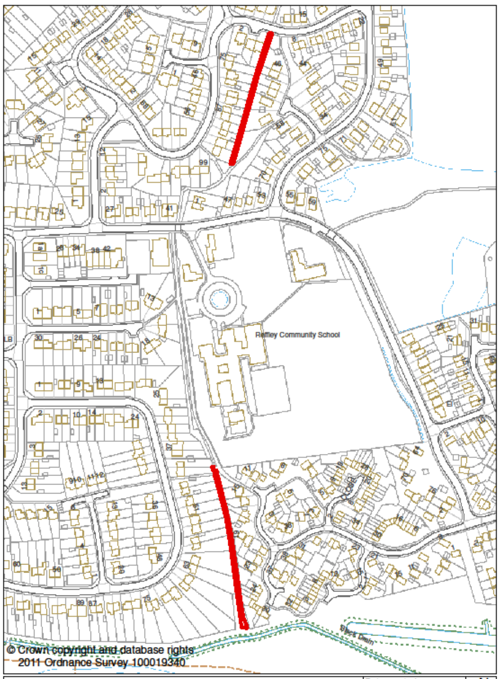
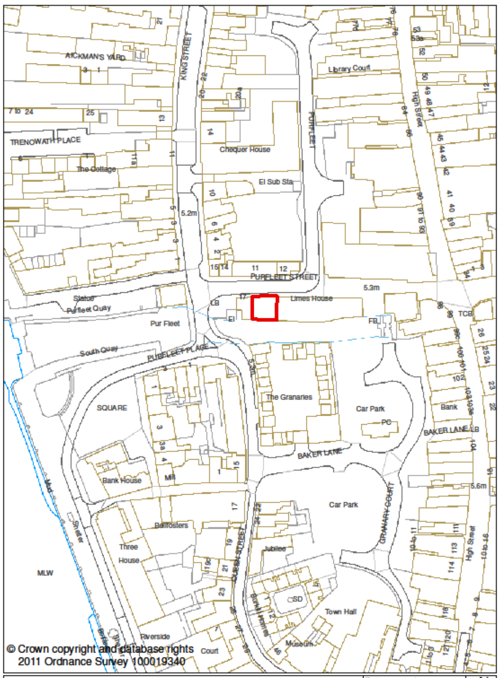


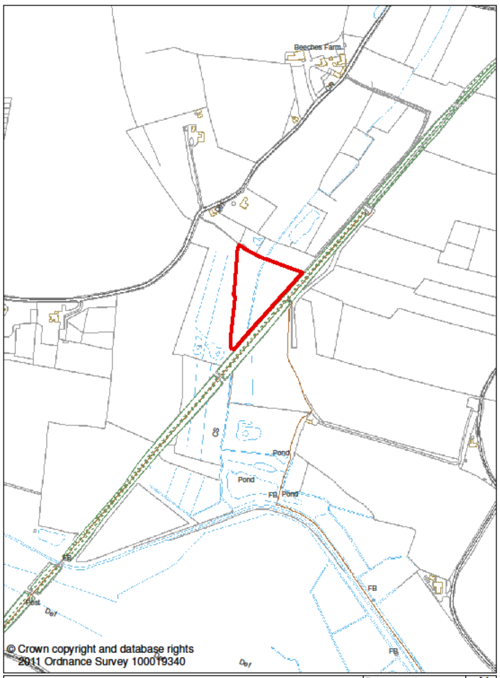
Kings Lynn:
Land at Reffley Cycleway
Norfolk County Council
Center of map: 564,658.7012 321,900.2659
Date created: 16/05/2016
Scale: 1:2,500
N

31



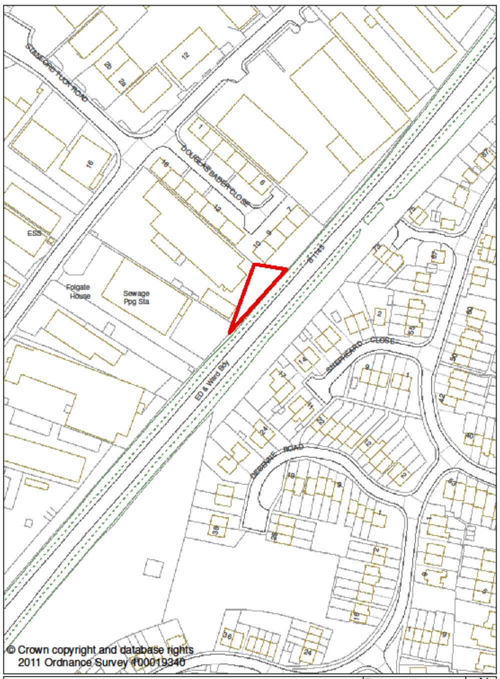
Kings Lynn:
Land at Purfleet Street

Norfolk County Council | Date created: 16/05/2016 | N
Center of map: 561,664.3805 320,019.7383 | Scale: 1:1,250



Knapton:
Land at Paston Way

Norfolk County Council | Date created: 16/05/2016 | N
Center of map: 629,240.8598 332,274.4856 | Scale: 1:5,000

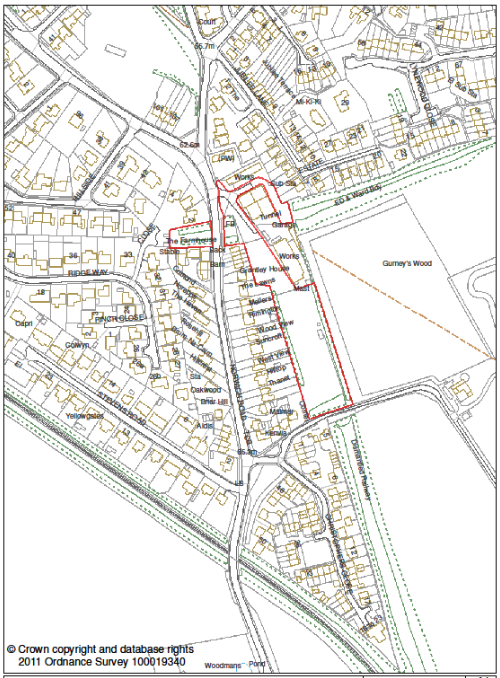


North Walsham:
Land to the rear of Douglas Bader Close

Norfolk County Council | Date created: 16/05/2016 | N
Center of map: 628,080.8078 330,932.5387 | Scale: 1:1,500

North Walsham:
Land at Bypass - car park

Norfolk County Council | Date created: 20/05/2016 | N
Center of map: 628,237.8613 329,777.5663 | Scale: 1:2,500



Northrepps: Former Cromer High Station

Norfolk County Council

Center of map: 622,522.7074 340,593.4410

Date created: 17/05/2016

Scale: 1:2,500

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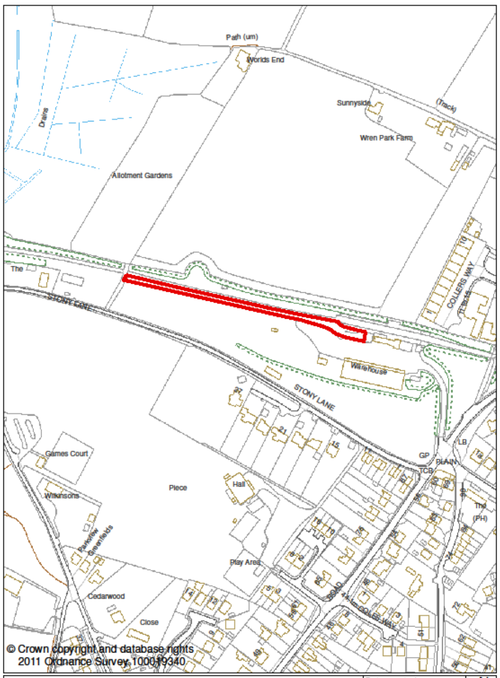


Reepham: Land adjoining Kerris Pine

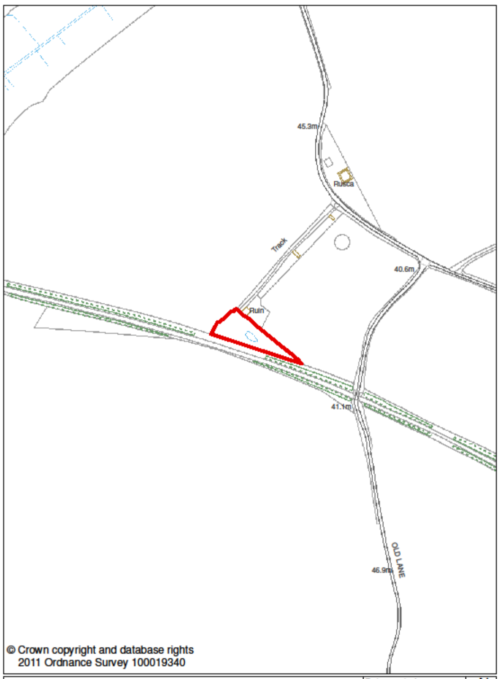
Norfolk County Council

Center of map: 610,021.4116 323,521.4025

Date created: 17/05/2016

Scale: 1:2,500

N



Reepham: Land adjoining Marriotts Way, Old Lane

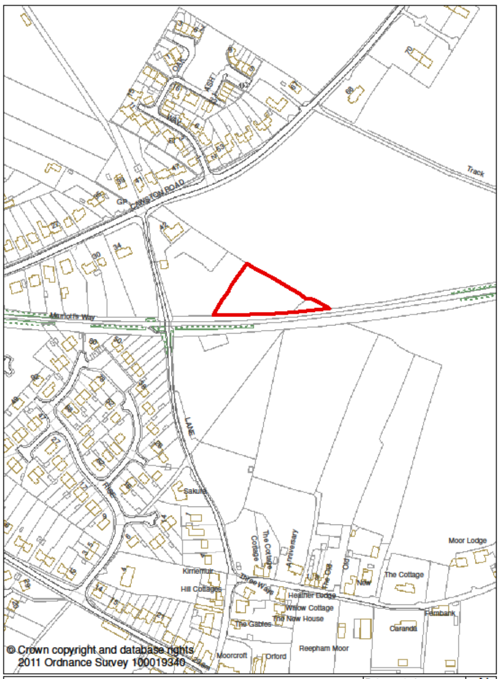
Norfolk County Council

Center of map: 607,686.1291 323,062.2222

Date created: 20/05/2016

Scale: 1:2,500

N



Reepham: Land adjoining Greenacres

Norfolk County Council

Center of map: 610,672.5703 323,456.4345

Date created: 17/05/2016

Scale: 1:2,500

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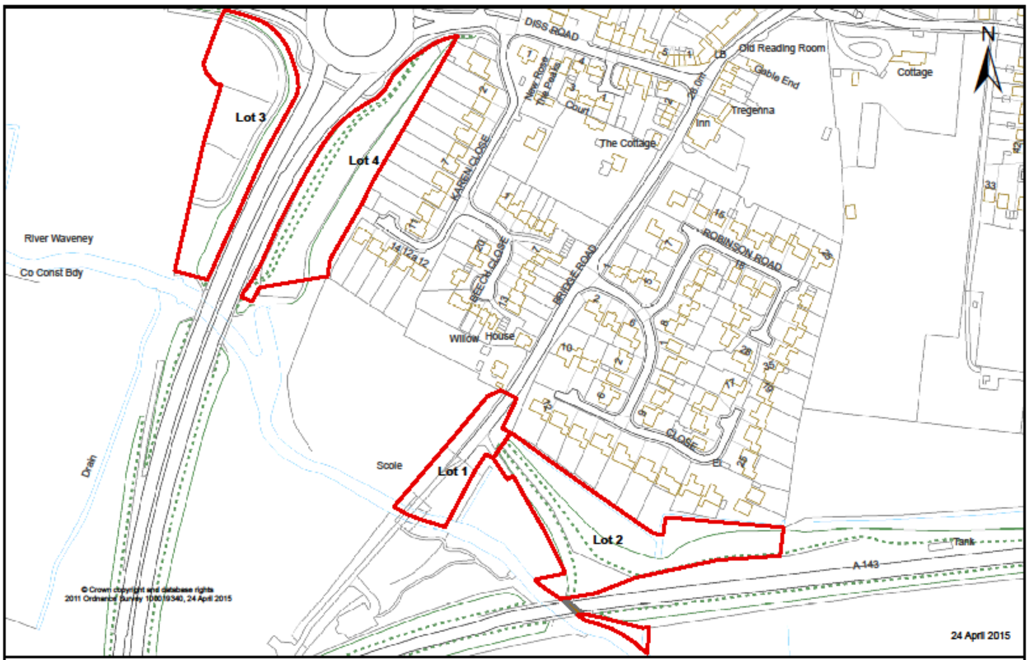
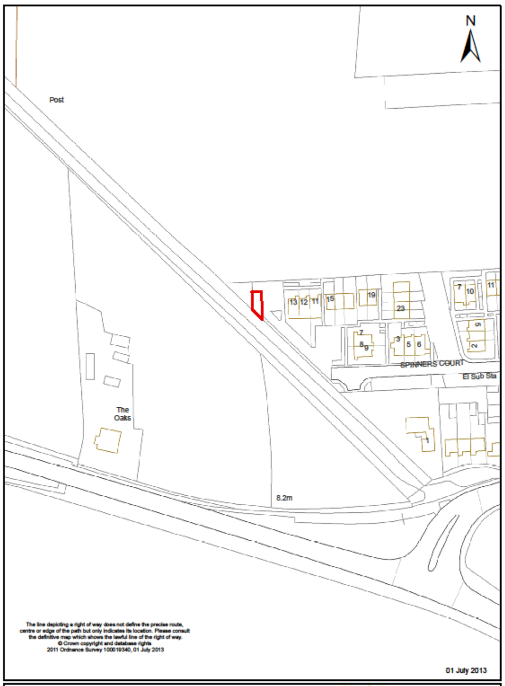


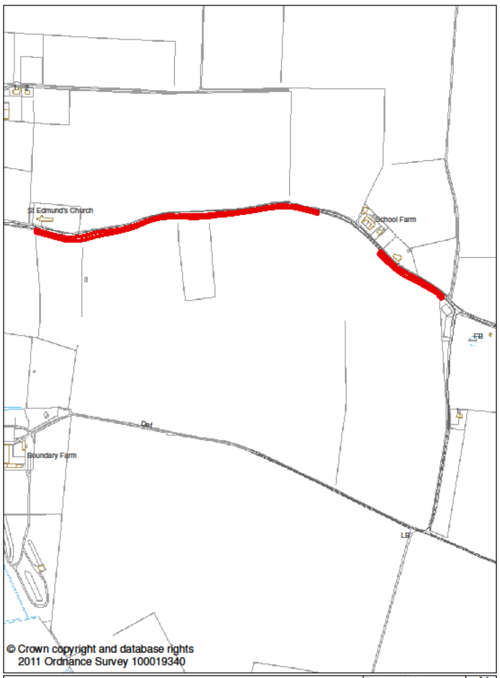
Lots 1-4
Scole

Norfolk County Council
Scale 1: 2500 Centred on 614776 278688



Weavers Way land at Spinners Court
Stalham

Norfolk County Council
Scale 1: 1250 Centred on 636751 325318



Thurne:
Land at Thurne Road

Norfolk County Council
Date created: 16/05/2016
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Scale: 1:5,000
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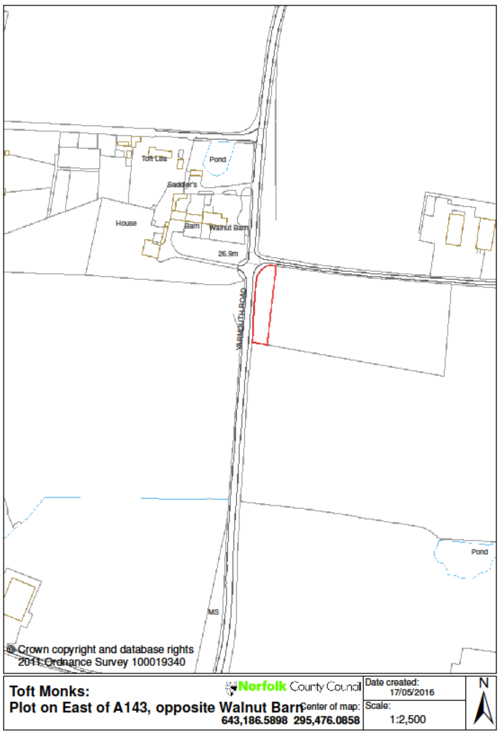
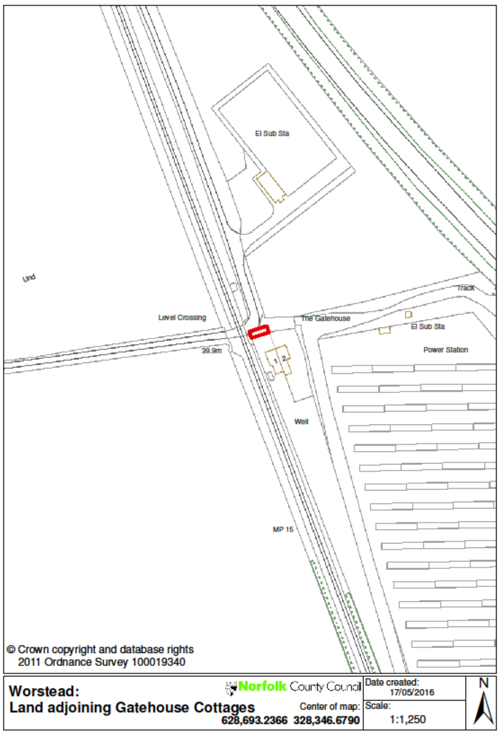
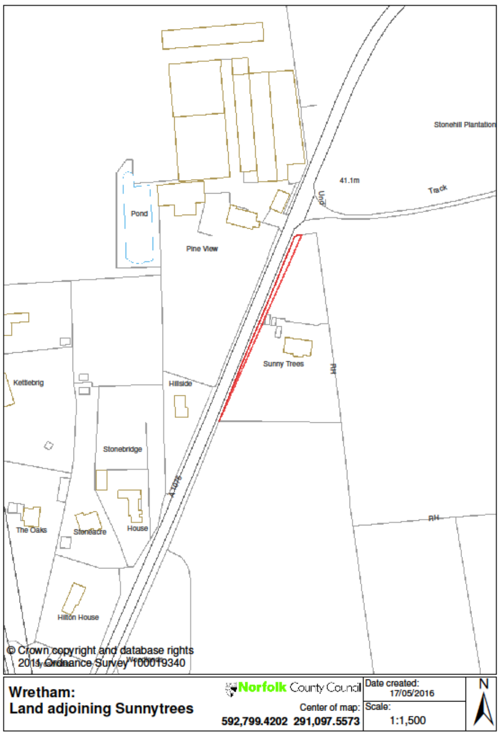

Toft Lea
Pond
Saddler's
House
Barn
Walnut Barn
26.9m
YARMOUTH ROAD
Pond
MS
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Toft Monks:
Plot on East of A143, opposite Walnut Barn
Norfolk County Council
Center of map:
643,186.5898 295,476.0858
Date created: 17/05/2016
Scale: 1:2,500
N


El Sub Sta
Level Crossing
39.9m
The Gatehouse
El Sub Sta
Track
Power Station
Well
MP 15
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Worstead:
Land adjoining Gatehouse Cottages
Norfolk County Council
Center of map:
628,693.2366 328,346.6790
Date created: 17/05/2016
Scale: 1:1,250
N


Stonehill Plantation
41.1m
Track
Pond
Pine View
Sunny Trees
Kettlebrig
Hillside
Stonebridge
The Oaks
Stendacre
House
RH
Hilton House
© Crown copyright and database rights 2011 Ordnance Survey 100019340
Wretham:
Land adjoining Sunnytrees
Norfolk County Council
Center of map:
592,799.4202 291,097.5573
Date created: 17/05/2016
Scale: 1:1,500
N

Policy and Resources Committee

Item No 12

Report title:	**Potential Use of Cash Balances**
Date of meeting:	**31st May 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The proposed intervention will help to secure investment and long term sustainability of Baxter Healthcare Ltd in Thetford through enabling experimental development to be undertaken for intravenous (IV) fluid technology and production processes in the plant with the potential for jobs at the plant to become more highly skilled as well as opportunities for future growth and investment. The plant employs over 450 people and this directly supports the Council's Real Jobs objective. The project also makes provision for an innovative use of the Council's cash balances, creating and protecting jobs, which if implemented would deliver a appropriate return on the proposed investment

Executive summary

Baxter is a major US owned multinational business, with several plants across the UK including their largest facility in Thetford. It is one of Norfolk's largest manufacturers and the UK's sole manufacturer of intravenous fluid bags, providing a significant percentage of the NHS's requirement. It is also the provider of a range of unique products for the NHS, with no UK based competitor. In addition, the company exports around 50% of its total UK production.

The company has invested regularly in the plant since it was purpose built in the 1960s. However, additional infrastructure and equipment are now required to ensure future demand and manufacturing requirements can be maintained. Baxter also wishes to invest heavily in new technology to support future demand. As one would expect of any multinational organisation significant investments must be considered carefully taking in all options such as relocation and scaling of capacity at any of its current sites.

Baxter recently confirmed it would be making a multi-million pound investment in one of its plants, with potential for further investment through experimental development. Other plants in Europe have historically benefitted from upgrades, (in some cases with public subsidy) and historically have presented a more attractive alternative for investment.

In 2015, the company's UK Head Office near Newbury in Berkshire approached us, the New Anglia LEP, UK Trade and Investment and various Government Departments seeking assistance with its strategy of retaining this investment in the UK. It became very clear that the US Corporate Head Office would make their investment decision based on the most commercially appropriate option for long term sustainability. This could have meant closure of the Thetford plant. Local partners felt the circumstances were so unusual that a significant response should be assembled.

In conjunction with the Leader, the Executive Director of Communities and Environmental Services and the Executive Director of Finance, the County Council and the LEP agreed a conditional offer that was presented to the Baxter Board of Directors in March. This proposal offered a grant of up to £4m to support experimental development projects, linked directly to the Thetford operation. Ultimately, the LEP will provide the grant, but with the County Council offering a line of credit, the proportion depending on the timing of payment(s) of the grant. Any payments we make will be refunded from future Enterprise

Zone income in the next 5 -10 years, with interest at a rate to be agreed. Our collective offer was subject to the formal agreement of this committee and the LEP Board (which will have met by the time this committee meets) and subject to the provision of a satisfactory business case; demonstrating conclusively that the grant would not contravene EU State Aids regulations.

On receipt of this conditional offer, the company has subsequently agreed a substantial investment package for Thetford, starting with an initial multimillion pound phase, including a substantial Research and Development element, and a small training package. The LEP is requested to contribute £2.005m to this package, to which the County Council may be required to contribute should the LEP not have sufficient cash available when the grant is required. Our conditional offer influenced the decision to enable experimental development and long term sustainability of IV fluid manufacturing in the UK in Thetford.

Recommendations:

1. **Members agree to endorse the conditional proposal made in February 2016, by the Leader, Executive Director of Communities and Environmental Services and the Executive Director of Finance, to provide a line of credit to the New Anglia LEP in order to fund the proposed £4m grant package to Baxter Healthcare. Any payments we make will be repayable within 5-10 years, with interest at a rate to be agreed.**

    a) **Initially to be ready to assist if required with the proposed £2.005m grant package towards the Research and Development element of the planned investments announced by the company.**
    b) **To be ready to assist, if required, with the provision of an additional £2m grant package to support further Research and Development activity that may emerge as part of future investments in the next 3 years, subject to a separate business case.**
2. **Members agree to recommend to full Council that this project is added to the capital programme.**
3. **Delegate to the Executive Director of Finance to agree the detail of the loan arrangement with the LEP.**

1. Proposal

1.1 The proposal is for this Committee to support the conditional offer of a grant made by the Leader, in partnership with the New Anglia LEP, to Baxter. The offer was made to Baxter in March 2016 in order to support the decision to invest in Thetford by the Baxter Board of Directors.

1.2 Baxter's largest manufacturing site in the UK site is based in Thetford, Norfolk, and is the sole UK based IV fluid manufacturer. It employs over 450 people, and on which a further 100 or so jobs are reliant locally. The decision was taken to provide the conditional grant offer in order to incentivise investment, support future growth on the site and to help stave off any threat there might have been for the company to disinvest. The offer of support at the time was conditional on receiving a satisfactory business case, which satisfied state aids rules. The offer also made it clear that the decision would need to be ratified by this Committee.

1.3 The provisional grant offer was set at a maximum of £4m, to be funded by the New Anglia LEP, but with the County Council offering credit facilities to the LEP if required, initially to support the grant specifically requested at this time. In addition, to provide the same offer should the company proceed with further eligible R&D focussed projects at Thetford.

1.4 The grant requested at this time is to support experimental development of the company's so-called 'Next Generation' Filling technology for Intravenous (IV) fluid manufacturing and innovative manufacturing methodologies. These developments will help ensure the site remains competitive for the future next 10 to 20 years. The experimental development investment is coupled with a far broader and more substantial investment in new infrastructure, funded entirely by the company that will deliver a plant that meets current regulatory body manufacturing requirements. These investments all significantly enhance productivity and competitiveness at the plant.

1.5 The project to which the grant will be directed has been examined by EU State Aid lawyers and deemed to be State Aids compliant. The initial offer of the grant was made conditional on this being the case.

1.6 Should the County Council be required to assist with the funding of the grant, it will be paid from cash balances and refunded by the New Anglia LEP from its Enterprise Zone income in future years, over a time period to be determined and incurring a rate of interest to be agreed.

1.7 Any funding provided by the County Council will be conditional on the LEP agreeing to enter into an MOU with us, giving clear sight of a repayment plan over an agreed period, including a rate of interest to be agreed.

2. Evidence

2.1 During discussions earlier in 2016, the company provided substantial information showing the need to invest substantially (many £millions) over the next two years in two phases of upgrade work including a new water treatment plant, salination facility, autoclaves and other sterilising equipment as well as a range of new equipment for production. It also presented us with plans for potential later phases to increase that investment, including proposals for new products, new technology and new processes. Initially these were planned for the longer term.

2.2 Phases 1 and 2 are necessary to ensure the plant is suitable for long term manufacturing of the requisite standards. The factory is housed in a 1960s, purpose made building. In recent years Baxter has invested in sites in Europe, however while investment has been made in some technology in Thetford it has not benefitted from other investments that would ensure long term sustainability. Other plants in the Baxter network have benefitted from local, regional and national grant support.

2.3 Later proposed phases were planned to continue the upgrade as well as introduce new products, processes and technology – much of it designed and developed in Switzerland, and potentially able to be deployed in any of the plants manufacturing IV fluids across Europe. The new processes and technology will enable enhanced productivity, efficiency and capacity.

2.4 The company needed to compare the cost of this total required/planned investment in Thetford with the outlay required at their other plants across Europe in order to achieve a similar outcome. It was clear that overseas facilities offered a more cost effective solution to achieve the same or greater level of capacity to serve the UK and EU markets, as well as cater for growth, unless something different could be offered.

2.5 Local partners and Central Government (several departments including UK Trade and Investment) worked closely together to identify potential grant sources. The Regional Growth Fund programme which operated in the previous parliament would have been appropriate, however, Government ceased that programme in 2015 and it was clear that the only meaningful intervention would come from a local source. The company appreciated that any support offered would need to be state aid compliant, and could not therefore be directed at plant, infrastructure and equipment upgrades. This limited the amount that could be offered.

2.6. It was clear that the Newbury based head office was committed to ensuring internal investment was secured for the Thetford plant by being able to demonstrate that it was the most attractive location for investment. Support offered by the country/region/locality where the plant is located is always a factor in the decision making process.

2.7 Dialogue with the company revealed a range of research and development projects that were either planned, or in the pipeline for the longer term. Fundamental R&D that has been undertaken in Switzerland could be directly linked to establish new production processes, as well as development of new product lines in Thetford, should the decision be made to retain the plant there. Any proposed investment in that R&D work, if accepted by the company's Board would help to make the case for much more substantial investment in the factory, thus securing its long term future. This was the basis of ours and the LEP's provisional offer, made following consultation with the Leader of the Council, the Executive Director of Communities and Environmental Services and Executive Director of Finance. The offer was capped at **£4m** which was deemed to be the lowest level of grant that would be attractive enough to the Baxter Board, but which was also likely to be the maximum that state aids would realistically allow to be drawn down.

2.8 In March the potential internal investment in Thetford was discussed and approved at Board level. The proposed intervention has proven to be enough of an incentive for Baxter to make the decision to invest in Thetford, securing employment in Norfolk for the future. At its Board meeting in March, the company has now agreed a multimillion pound investment package.

3. Financial Implications

3.1 This proposal makes provision for the Council, if requested by the LEP, to make effective use of its cash balances by:

- Achieving a better rate of return than would otherwise be achieved via normal treasury management activities.
- Contributing to the economic sustainability of the County.

3.2 Should a loan be made to the LEP, to support the current project, it will need to be added to the Council's capital programme via approval at full council.

3.3 Use of our cash balances in this way is likely to yield to a 2-4% increase in return over what we are currently achieving. The exact interest rate will be determined with regard to state-aid legislation.

3.4 The LEP will be required to give appropriate undertakings to ensure that the council's cash is not placed at risk.

4. Issues, risks and innovation

4.1 The key risk to the council relates to repayment arrangements from the LEP, via future enterprise Zone income. Clearly the 2 Enterprise Zones are in the early stages and income flows today are modest. However, the Gt Yarmouth and Lowestoft Enterprise Zone, established in 2012 is already successful and based on today's level of development, Gt Yarmouth's two sites alone will deliver £11.7m by 2037 although if the rate of growth is sustained that figure should rise to £43m. In addition, the new Space to Innovate Enterprise Zone is expected to deliver £101m in total by 2041. In combination there will clearly be capacity from which to reimburse the council, with interest and this will be secured via a binding Memorandum of Understanding.

4.2 Another key risk is failure to satisfy EU State Aids regulations. Primarily, the risk lies with the recipient of the grant. If grant aid is successfully challenged, it has to be repaid. In order to ensure grant aid is legal, the LEP has engaged the services of a State Aid specialist who has examined all of the proposed expenditure and declared it legal. The advice has been ratified by NPLaw. There would be a reputational risk to the County Council, should the grant be challenged, as it will not want to be seen as having disregarded EU regulations, but this has been mitigated by careful assessment of the project and the use of external advice.

4.3 A further risk is in the event that the project invites a flood of applications from other businesses seeking support. We clearly cannot undertake a large number of interventions of this nature as the capacity of our cash balances, and of the total Enterprise Zone income is finite. However, it was very gratifying that the company approached us at a very early stage in their decision-making process which gave us time to assess the situation carefully. Far too often, we learn of impending closure shortly before a public announcement and after Board decisions have been made.

4.4 Although this intervention will undoubtedly alert more local businesses of the potential for the LEP and the Council to intervene, it is considered that we would be unlikely to entertain many such requests for support, especially if we set criteria including:

- Large businesses only. It is likely that the LEP's grant schemes will cater for needs of most small and medium enterprises (SMEs), although exceptions could be considered if they arise.
- Only state aid compliant support would be allowed – R&D or training related. Capital grant is only allowed in the Gt Yarmouth Assisted Area, where by exception the LEP schemes can be accessed
- A real threat of total closure
- A substantial supply chain
- Jobs are deemed "good quality", rather than mainly low (minimum) wage.
- Externally facing, not in competition in any way with other regional (and most probably, national) businesses. Exporting a significant proportion of turnover
- The investment must be instrumental in retaining the company for the long term, and in retaining most if not all jobs, as well as gearing up for future growth
- No prospect of another company taking over the facility to continue operations and where the plant may be too specialised for alternative use

4.5 The above criteria are not exhaustive, but if they were applied, it is considered there would be few additional enquiries.

4.6 On the other hand, it is considered any threat of closure to a major plant such as this would present significant risks to and burdens on the Council due to significant potential job losses. Many of those losing their jobs could place additional demands on our services. Often, large plants are highly specialised nature that risk standing empty and unoccupied for a long period. This would impact on the county's business rates baseline. There is also a reputational risk to the County, if a large business disinvests. Whereas a major intervention of the nature proposed will be viewed very positively.

5. Background

5.1 Baxter is a major multi-national business with 11 UK sites employing approximately 1,200 people.

5.2 The Thetford site is its largest UK site, with over 450 people directly employed and a further 100 local jobs directly dependent on Baxter spend. The site is the largest employer in Thetford and is one of Norfolk's largest businesses. Its wage bill is approximately £16m a year and that spend in the local economy will also be significant – not dissimilar to the impact of the former RAF Coltishall.

5.3 The Thetford plant is the largest facility of its kind in the UK; its staple product is the intravenous fluid bag (as well as some bottles) that are largely produced on site and then filled with solution in a sterile environment. In addition, a number of specialist products are produced, such as compounding where bespoke drugs are mixed into a solution and presented "just in time" to patients across the UK. It is the UK's largest specialist compounding unit preparing of chemotherapy, parenteral nutrition and parenteral anti-microbial therapy for the NHS each year. Baxter compounds for around 100 NHS hospitals.

5.4 Around 50% of all products are exported and Thetford represents a significant part of Baxter's total European capacity. In UK terms Baxter provides a significant percentage of all the needs of the NHS. In some cases there are simply no other suppliers and in others, it is the fluid bag of choice because of various features other suppliers do not offer.

Officer Contact

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

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

Officer Name:	Tel No:	Email address:
Simon George		simon.george@norfolk.gov.uk
David Dukes		david.dukes@norfolk.gov.uk

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Policy and Resources Committee

Item No 13

Report title:	**Internal and External Appointments**
Date of meeting:	**31st May 2016**
Responsible Chief Officer:	**Anne Gibson**

Strategic impact

Appointments to Outside Bodies are made for a number of reasons, not least that they add value in terms of contributing towards the Council's priorities and strategic objectives. The Council also makes appointments to a number of member level internal bodies such as Boards, Panels, and Steering Groups.

Responsibility for appointing to internal and external bodies lies with the Service Committees. The same applies to the positions of Member Champion.

Executive summary

In the September 2014 cycle, Service Committees undertook a fundamental review of the Outside Bodies to which the Council appoints. The views of members who have served on these bodies together with those bodies themselves and Chief Officers were sought and reported back to Committees.

Set out in the appendix to this report are the outside and internal appointments relevant to this Committee together with the current membership.

Recommendation

- **That Members review and where appropriate make appointments to those external bodies, internal bodies and Champions position as set out in Appendix A.**

1. Proposal

Outside Bodies

1.1 In the September 2014 cycle, all organisations and the current member representatives were invited to provide feedback on the value to the Council and the organisation of continued representation and to make a recommendation to that effect. In addition, Chief Officers were consulted.

1.2 Organisations were asked a number of questions about the role of the Councillor representative. Councillor representatives were asked questions such as how the body aligned with the Council's priorities and challenges and what the benefits are to the people of Norfolk from continued representation. Finally, both were asked whether they supported continued representation. Committees considered this information and made decisions on appointments. The appendix to this report sets out the outside bodies under the remit of this Committee. Members will note that the current representative is shown against the relevant body. Members are asked to review Appendix A and decide whether to continue to make an appointment, and if so, to agree who the member should be.

Internal bodies

1.3 Set out in Appendix A are the internal bodies that come under the remit of this Committee. There is no requirement for there to be strict political balance as the bodies concerned do not have any executive authority. The current appointments are not made on the basis of strict political proportionality, so the Committee may, if it wishes to retain a particular body, change the political makeup. The members shown in the appendix are those currently serving on the body.

2. Evidence

2.1 The views of the Councillor representative, the organisation and Chief Officer were reported to the Committee when it undertook its fundamental review of appointments in 2014.

3. Financial Implications

The decisions members make will have a small financial implication for the members allowances budget, as attendance at an internal or external body is an approved duty under the scheme, for which members may claim travel expenses.

4. Issues, risks and innovation

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

5. Background

5.1 The Council makes appointments to a significant number of internal bodies and external bodies. Under the Committee system, responsibility for these bodies lies with the Service Committees.

5.2 There is no requirement for a member of an internal body to be appointed from the “parent committee”. In certain categories of outside bodies it will be most appropriate for the local member to be appointed; in others, Committees will wish to have the flexibility to appoint the most appropriate member regardless of their division or committee membership. In this way a “whole Council” approach can be taken to appointments.

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

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Chris Walton	01603 222620	chris.walton@norfolk.gov.uk

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APPENDIX A

POLICY AND RESOURCES COMMITTEE APPOINTMENTS
(2015/16 appointments shown)

LOCAL GOVERNMENT ASSOCIATION APPOINTMENTS

1. LGA General Assembly (4)

George Nobbs (4 votes)
Cliff Jordan (1 vote)
Alison Thomas (1 vote)
Mike Sands (1 vote)

2. County Council Network (4)

Cliff Jordan
Alison Thomas
George Nobbs
Marie Strong

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

George Nobbs
Cliff Jordan (sub)

4. LGA Coastal Issues Special Interest Group (SIG) (1)

Michael Baker

The LGA Coastal SIG champions and takes forward the coastal strategy and represents the collective interests of all maritime local authorities.

POLICY AND RESOURCES COMMITTEE OUTSIDE BODIES

Greater Norwich Growth Board (1)

Steve Morphew

POLICY AND RESOURCES COMMITTEES/ BOARDS/PANELS/GROUPS

1. Joint Consultative & Negotiating Committee (7)

This is a forum for discussion between staff trades unions and the County Council on employment related matters

Deputy Leader
1 Labour (Emma Corlett)
3 Conservative (Andrew Proctor, Tom FitzPatrick, Tony Adams)
1 Lib Dem (John Timewell)

1 UKIP (Michael Baker)

2. Member Support & Development Advisory Group (10)

This Group champions Member Development and Member Support

4 Conservative – Colin Foulger, Judy Leggett, Tom Garrod, Tony White
2 Labour - David Collis, Julie Brociek-Coulton
1 Lib Dem – Eric Seward
2 UKIP – Jonathan Childs and Denis Crawford
1 Green – Richard Bearman.

3. Norse

Shareholder Representative - Toby Coke
Member Director - Vacancy (serves on the Norse Group Board, NPS Board and NCS Board).

4. Norse Shareholder Committee (6)

This Committee supports the development of NORSE Group, ensures that the legal and commercial interests of the County Council are considered and protected and advises this Committee accordingly.

1 Lib Dem - John Timewell
3 Conservative - Roger Smith, Bill Borrett, Wyndham Northam
1 UKIP - Toby Coke (as current Shareholder Representative)
1 Labour – Mick Castle

5. NorseCare Liaison Board (2)

Member Director of the Norse Board and the Chairman of Adult Social Care Committee.

6. Property Reference Panel (6)

3 Conservative - Nigel Dixon, Tony White, Cliff Jordan
1 UKIP - Colin Aldred
1 Lib Dem - John Timewell
1 Labour - Steve Morphew

The Panel was created to advise the Cabinet Member on Property matters. Under the Council's governance structures, property matters are the responsibility of this Committee. It has not met in the last year and Members are asked to consider whether this body should continue in a revised form or be discontinued.

7. Strategic Equalities Group (6)

This body provides Member leadership on equality for Norfolk County Council, ensuring that the authority delivers its duties with respect to the Equality Act 2010 and the Public Sector Equality Duty

Deputy Leader (Chair)
1 Lib Dem - Tim East
1 Conservative – Martin Storey
1 Green - Elizabeth Morgan
1 UKIP – Jonathan Childs
1 Labour – Chrissie Rumsby

8. Treasury Management Panel (9)

2 Labour – Steve Morphew, Sue Whittaker
4 Conservative - Ian Mackie, Brian Iles, Cliff Jordan & Andrew Proctor
2 UKIP - Toby Coke, Michael Baker
1 Lib Dem - Brian Watkins

9. ESCO (Energy Saving Company) (1)

Deputy Leader

10. Constitution Advisory Group (7)

3 Conservatives (Andrew Proctor, Alison Thomas, Shelagh Gurney)
1 Labour: Steve Morphew
1 Lib Dem: Marie Strong
1 Green: Richard Bearman
1 UKIP: Toby Coke

Policy & Resources Committee

Item No 14.

Report title:	**Syrian refugee crisis – Norfolk response**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Debbie Bartlett** **Head of Business Intelligence and corporate planning**
Strategic impact: Local authorities can volunteer to participate in the Syrian Vulnerable Persons Resettlement scheme for humanitarian and compassionate reasons. There is no direct impact on the Council's ambition or four priorities.	

Executive summary

This report updates members on the outcome of discussions with the Home Office on Norfolk's proposed Syrian Vulnerable Persons Resettlement (VPR) Scheme.

The report highlights the potential financial implications of participating in the VPR scheme, and sets out additional information that elected members will want to take into account before agreeing a recommendation to Full Council. This includes announcements relating to new arrangements for accommodating unaccompanied asylum-seeking children, and the impact of the Immigration Act 2016, which received Royal Assent on 12 May.

Recommendations:

1. That Policy & Resources Committee consider the report, taking into account the potential cost implications for Norfolk authorities, and recommend that a decision be made by full Council about our participation in the Syrian Vulnerable Person's Resettlement Scheme.

2. That having noted the new arrangements for unaccompanied asylum-seeking children and Child at risk programme announced by the Immigration Minister, to seek the advice of the Children's Services Committee on the County Council's response.

1. Introduction

1.1 The national policy context

1.1.1 Since the outbreak of civil conflict in Syria in 2011, around 4.3 million Syrians have fled abroad, mostly to neighbouring countries in the region[i].

1.1.2 The Government's policy is to target international aid[ii] to assistance programmes in the regions neighbouring Syria, arguing that this is preferable to encouraging Syrian refugees to make dangerous journeys to Europe. Alongside this however, it has established a 'Syrian Vulnerable Person's Resettlement Scheme', to provide a route for selected Syrian refugees to come to the UK. On 7 September 2015, the Prime

Minister announced that the scheme would accept up to 20,000 refugees over the next five years. Details of the scheme are set out in Annex 1.

1.2 The Council's actions so far

1.2.1 Discussions have taken place with the Home Office and the Local Government Association (LGA) to better understand the VPR scheme, the profile and needs of vulnerable Syrian refugees, and the funding available for local authorities.

1.2.2 The previous Leader[iii] of Norfolk County Council chaired a task force of community leaders across Norfolk to agree a Norfolk response to the crisis. Commitment was secured to resettle 50 Syrian refugees in the Norwich area, subject to Government funding.

1.2.3 As part of this, the County Council led work across district councils to develop a robust resettlement scheme for Syrian refugees - one that is realistic about the specialist support families may need to integrate successfully. This included sound estimates for central Government about the potential costs, in order to be clear about any impact on local services and taxpayers in Norfolk.

1.2.4 Norfolk's scheme sets out detailed arrangements for providing housing, interpretation, education, social care and health services, including mental health services. In drawing up the estimates, statutory agencies in Norfolk have been able to draw on experiences of resettling refugees through the Gateway Programme, and asylum-seekers dispersed to Norwich.

1.2.5 The County Council submitted the proposal to the Home Office in January 2016. The Home Office has welcomed the commitment of statutory agencies in Norfolk to providing a high-quality support and resettlement service. However, as discussions have progressed, it has become clear that participation in the scheme would have financial implications. These are detailed below.

2. Financial implications

2.1 Central Government funding for the Vulnerable Persons Resettlement Scheme

2.1.1 The Government's five-year funding offer to facilitate resettlement of Syrian refugees through the VPR scheme is based on local authorities bearing around 20-30% of the overall costs of the scheme in years 2 to 5. The Home Office is unable to provide any funding for discretionary housing payments (topping-up housing benefit) in areas like Norfolk, where there is significant housing pressure and the monthly cost of large family housing cannot be covered by housing benefit.

2.1.2 Additional funding may be available in Year 1 of the scheme for complex and high needs cases, for example where major adaptations to property are required to make it accessible. This will be subject to a 'reasonableness' test. In years 2 to 5, in exceptional cases, local authorities can apply to the Government for additional funding to meet social care costs, but there are no guarantees.

2.1.3 The funding formula for the VPR scheme was informed in part by Coventry City Council's costs to run the Gateway Protection Programme. Coventry is a city of migration with an established infrastructure for supporting refugees, and low housing pressure. Norfolk does not have such an infrastructure, so costs have been estimated accordingly.

2.2 The costs of running the scheme in Norfolk

2.2.1 The latest estimates indicate it will cost a minimum of **£28,553 per refugee** to resettle 50 refugees in Norfolk, equating to a total cost of £1,427,659 over seven years[iv]*.* These figures are indicative because it is impossible to be sure about the mix of people who would come, or their needs.

2.2.2 This estimate covers programme management and administration, integration and orientation, housing (costs of a housing support officer and one-off housing fit-out costs), interpretation and translation, English language tuition and some social care costs (relating to the provision of family support). It does not cover the one-off investment requested by local health services to coordinate primary health care; specialist provision such as education and mental health, or community hub costs (including any property costs).

2.2.3 As noted in Paragraph 17, The Home Office will not provide funding for discretionary housing payments (topping up housing benefits). Therefore, a potential top-up to housing benefit predicted by Norwich City Council is not included in this estimate. However, it still represents a cost pressure and is addressed in Paragraph 27 below.

2.2.4 The details of projected costs are set out in **Annex 3**.

2.2.5 The basic funding offer by the Government is **£20,520 per refugee** (five years of funding per individual), equating to total funding of £1,026,000 for 50 individuals. It is forecast that this total income will be received over a seven year period, based on an assumed pattern of arrivals over three years.

2.2.6 This leaves a predicted total funding shortfall of **£401,659** over seven years for delivering a basic resettlement service in Norfolk. It is difficult to profile any shortfall, as it depends on the type of refugees and their needs. This shortfall does not allow for any inflation on costs over the seven years, any contingency in the budget, or any associated property and other overhead costs. It is therefore assumed that all other costs, including support service costs (HR, ICT etc) and finance costs relating to the administration of the grant, can be absorbed within existing budgets.

2.2.7 All of the costs identified for the scheme set out in **Annex 3** represent additional (cash) costs. The social care costs represent additional provision to meet specific expected needs. Any other growth in demand for local authority services has not been considered and is not included in the scheme costs (i.e. it is assumed that any further service costs from increased demand are absorbed within existing budgets).

2.2.8 In addition to the predicted funding shortfall of £401,659, as estimated by Norwich City Council, there is likely to be an additional cost for housing providers of approximately £216,000 to take into account, which relates to the cost of providing top-ups to housing benefit over a five year period[v].

2.2.9 At the time of writing this report, the County Council is in discussions with districts to identify how this total shortfall could be shared.

3. Additional information to be taken into account

3.1 This section summarises a range of issues that Members will want to take into account before agreeing a recommendation to full Council about participation in the scheme:

3.2 Unaccompanied asylum-seeking children

3.2.1 At the time of writing this report, on 13th May 2016, the Minister for Immigration wrote to all local authorities updating them on a range of initiatives (summarised below) regarding unaccompanied asylum-seeking children:

(i) The **new national transfer scheme,** currently a voluntary initiative, which enables local authorities to transfer responsibilities for looked-after asylum-seeking children to another local authority. This is the mechanism by which authorities such as Kent, Croydon and Hillingdon can relieve pressure by dispersing unaccompanied asylum-seeking children to other areas. The new Immigration Act 2016 (see below) contains measures to enable easier transfer, and empowers the Secretary of State to direct local authorities to take unaccompanied asylum seeking children.

(ii) **Regional arrangements** for distributing children across the country – including a benchmark to guide an authority's 'fair share'. The national transfer system will be based on a regional model, rather than council-by-council one, to facilitate a joined up approach to different migratory pressures, such as the Syrian resettlement scheme and asylum dispersal, and allow flexibility in deciding the most suitable host authority for a child, based on local considerations. Strategic migration partnerships will play a key role in facilitating transfer of asylum-seeking children. The model for transfer is likely to entail a region accepting a proportion of unaccompanied asylum-seeking children relative to their total child population.

(iii) **Increased funding** that the Government will make available for supporting unaccompanied asylum-seeking children. Each unaccompanied child aged under 16 arriving after 1 July will attract £41,610 per annum, and each unaccompanied child aged between 16 and 17 years will attract £33,215 per annum. Compared with the current national rates, this represents an increase of 20% in funding for under 16s, and 28% for 16 and 17 year olds.

(iv) The new **Children at Risk programme**, which will facilitate the Prime Minister's recent commitment to resettle up to 3000 vulnerable children from outside of Europe in the Middle East and North Africa regions. The scheme will not target unaccompanied asylum-seeking children specifically, but will include children who are travelling with extended family or community groups and who have been separated from their parents or close family. This will be in addition to the 20,000 Syrian refugees the Government has agreed to take by the end of this Parliament.

(v) The Prime Minister's commitment to take **unaccompanied children who are in Europe**, specifically from Greece, Italy and France, who were registered there before 20 March and where it is in their best interests to do so. This has arisen from the amendment to the Immigration Bill (now Act) moved by Lord Dubs.

3.2.2 The Minister has urged local authorities to consider supporting these initiatives.

3.2.3 Further details are expected from the Minister and the East of England regional strategic migration partnership shortly.

3.2.4 It is proposed to seek views and advice from Children's Services Committee on the implications of this update to help inform the County Council's response.

3.2.5 **The Immigration Act 2016** received Royal Assent on 12 May and is due to come into force later this year. The Act introduces new sanctions on illegal immigration. The Act transfers more responsibilities to local authorities to support migrant people whose asylum applications have been refused and who have no further rights of appeal. This has potential to intensify an already upward trend in the number of adults from abroad currently approaching the County Council for support.

4. Alternative options

4.1 The Home Office has advised that over the next 18 months it will continue to assess the costs of running the VPR scheme, to ensure that the funding offer for local authorities remains appropriate. It was reiterated strongly by the Home Office that offers from authorities are encouraged throughout the life of the scheme (the next four years) and not just in the near future.

4.2 Given the additional cost pressures faced in Norfolk, the County Council may want to wait until the end of Year 2 or 3 to decide whether or not to participate in the scheme. This would enable information about how the scheme is operating and any further associated announcements to be taken into account before a decision is made.

5. Recommendations

5.1 That Policy & Resources Committee consider the report, taking into account the total forecast funding shortfall of £401,659 and potential additional cost pressures to bear for Norfolk authorities, and agree a recommendation to full Council about whether to participate in the Syrian Vulnerable Person's Resettlement Scheme.

5.2 To note that a report will be taken to Children's Services Committee, setting out the implications of the Minister for Immigration's recent update on new arrangements for unaccompanied asylum-seeking children, to enable Children's Services Committee to fully consider this matter and agree any appropriate actions.

6. Evidence

- Home Office/LGA guidance about the VPR scheme
- Prime Minister's announcements
- Office of the United Nations High Commissioner for Refugees report – Mental health and psychosocial wellbeing of Syrians affected by armed conflict (2015)
- Letters from the Immigration Minister of 16th April and 13th May updating on unaccompanied asylum-seeking children

7. Officer Contact

7.1 If you have any questions about matters contained in this report or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

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Annex 1

1.1 The Syrian Vulnerable Person's Refugee Scheme

1.1.1 The scheme prioritises help for survivors of torture and violence, women and children at risk, and those in need of medical care. It is estimated that around 30 per cent of refugees on the scheme have high needs.

1.1.2 The scheme is voluntary.

1.1.3 Refugees on the scheme are granted five years' humanitarian protection, with leave to remain in the UK for five years. This gives eligibility for universal benefits, e.g. NHS healthcare, housing and employment benefits and all public funds. At the end of five years, if refugees are unable to return to Syria, they may be eligible to apply to settle permanently in the UK.

1.1.4 Refugees selected for the VPR scheme are taken from camps around Syria and elsewhere in Turkey, Jordan and Lebanon. The scheme will not accept people who have already crossed into Europe.

1.1.5 Due to the speed at which the Government has had to make provision to accommodate 20,000 Syrian refugees, it is continuing to work out the logistics of the scheme with local authorities and the voluntary sector. However, a funding formula for local authorities has been published (the implications of which are summarised in paragraphs 17 to 28 below).

1.1.6 The Government has also now moved to a regional model for resettling Syrian refugees, co-ordinated by strategic migration partnerships[vi], to facilitate a more effective regional response to migratory pressures and ensure efforts to accommodate Syrian refugees are integrated with related initiatives, for example, accommodating unaccompanied asylum-seeking children. The regional model is also intended to support economies of scale for support interventions, such as English language provision and therapeutic care.

1.2 Other routes to the UK

1.2.1 Syrians who have crossed to Europe can claim asylum upon arrival or after-entry to the UK[vii]. They are then dispersed to asylum areas around the country. Norwich is one of three asylum dispersal areas in East Anglia (including Peterborough and Ipswich).

1.2.2 More information about asylum dispersal in Norwich is included at **Annex 2**.

Annex 2

2.1 Number of asylum seekers in Norwich

2.1.1 Norwich is one of three asylum dispersal areas in the East of England (including Peterborough and Ipswich), and therefore the only part of the county which takes asylum-seekers. This was agreed with the Government 10 years ago. Asylum seekers are not eligible for public funds, but may be eligible for local authority support[viii].

2.1.2 There are **135 bed places** in Norwich for asylum seekers. UK Visas and Immigration (UKVI) has announced its intention to increase this, but is having difficulties finding affordable accommodation to make it possible.

2.1.3 In practice, there are likely to be more than 135 asylum seekers in Norwich at any one time, due to people seeking asylum who are staying with friends or relatives and either claiming support on a subsistence-only basis, or no support at all.

2.1.4 Asylum dispersal is a stand-alone process, distinct from refugee resettlement schemes such as the Syrian Vulnerable Person's Relocation (VPR) Scheme, Gateway and Mandate. Asylum dispersal deals with people who have already crossed to Europe to claim asylum.

2.2 The Government's other refugee resettlement programmes

2.2.1 In addition to the VPR scheme, the Government runs two programs for the resettlement of refugees: the Gateway Protection Programme and the Mandate Refugee Programme.

2.2.2 These schemes are operated by the Home Office in partnership with the United Nations High Commissioner for Refugees (UNHCR). Gateway resettles approximately 750 vulnerable refugees from around the world each year. Mandate allows refugees from around the world with close family ties with the UK to be resettled in the UK.

2.2.3 Refugees on Gateway and the VPR scheme can apply to bring family members to the UK through the Home Office's family reunion programme.

Annex 3

Revised Costings - 50 Arrivals

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total	Amount per Refugee
Number of individuals arriving	15	20	15	0	0	0	0	**50**	
Basic Government Funding per Refugee excluding Primary health, Secondary health, Education, SEN and DWP benefits	£127,800	£245,400	£283,300	£183,500	£116,500	£54,500	£15,000	£1,026,000	**£20,520**

Basic Scheme Costs - NCC Estimates	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total	Amount per Refugee
1 x fulltime programme manager	£63,669	£63,669	£63,669	£31,835	£31,835	£31,835	£31,835	£318,345	£6,367
1 x fulltime integration officers	£30,839	£30,839	£30,839	£15,420	£15,420	£0	£0	£123,357	£2,467
1 x full time housing and tenancy support managerplus operational budget to address housing pressures	£75,000	£75,000	£75,000	£30,000	£15,000	£0	£0	£270,000	£5,400
Furnishing and fitting out properties for immediate occupation	£21,600	£28,800	£21,600	£0	£0	£0	£0	£72,000	£1,440
0.5 FTE Volunteers Co-ordinator to work with stakeholders	£15,420	£15,420	£15,420	£0	£0	£0	£0	£46,259	£925
English as a second language (ESOL) tuition	£6,000	£8,000	£6,000	£0	£0	£0	£0	£20,000	£400
Interpretation & translation costs	£4,800	£11,200	£16,000	£16,000	£16,000	£8,000	£4,000	£76,000	£1,520
Travel costs	£2,271	£3,028	£2,271	£0	£0	£0	£0	£7,570	£151
Family support (adults and children's – one lead social worker and one social worker)	£88,295	£88,295	£88,295	£40,469	£40,469	£20,235	£20,235	£386,292	£7,726
Administrative & business support officer	£21,567	£21,567	£21,567	£10,784	£10,784	£10,784	£10,784	£107,836	£2,157
Total Basic Costs	£329,461	£345,818	£340,661	£144,507	£129,507	£70,853	£66,853	**£1,427,659**	**£28,553**
FUNDING (SHORTFALL)	-£201,661	-£100,418	-£57,361	£38,993	-£13,007	-£16,353	-£51,853	**-£401,659**	**-£8,033**

This shortfall has not allowed for - premises and other overheads, housing costs above the benefit cap, inflation, any contingency.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total	Amount per Refugee
Top-up to housing benefit	£12,960	£30,240	£43,200	£43,200	£43,200	£30,240	£12,960	£216,000	£4,320
Indirect client support (e.g. support services and grant administrations costs – Premises, finance, Legal, Audit)	£58,958	£58,958	£58,958	£25,701	£22,701	£12,571	£12,571	£250,418	£5,008
Contingency	£4,763	£8,127	£8,907	£5,920	£5,920	£3,824	£1,696	£39,157	£783
Total Additional Costs	£76,681	£97,325	£111,065	£74,821	£71,821	£46,635	£27,227	**£505,575**	**£10,111**
REVISED (SHORTFALL)	-£278,342	-£197,743	-£168,426	-£35,828	-£84,828	-£62,987	-£79,079	**-£907,233**	**-£18,145**

[i] 10% of Syrians who have fled the conflict have sought protection in Europe (United Nations, 2016).

ii The UK has committed over £2.3 billion since 2012 to helping refugees in Syria and the region.

[iii] Note: Norfolk County Council's political leadership changed on 9th May 2016 following the Council's Annual General Meeting – full details are available on www.norfolk.gov.uk

[iv] The estimate assumes 50 refugees arriving over a three-year period. Changes in the timing of arrivals would have a significant impact on the timing and value of the funding shortfall.

[v] The top up required would greatly depend on individual family circumstances, but could be up to £300 per family per month (assuming an average rent of £850 - £1200 pcm for a 3-4 bedroom property, with a housing benefit payment of £540 - £795).

[vi] Strategic migration partnerships are funded by the Home Office and hosted by the regional Local Government Association.

vii Syrian nationals were the fourth-largest group of asylum applicants in the year ending September 2015 (2,204 main applicants). 87% of initial asylum decisions in Syrian cases gave permission to remain in the UK.

viii The majority of asylum seekers do not have the right to work in the United Kingdom and rely on state support, which includes housing and a weekly living allowance, which is coordinated by UKVI.

Policy and Resources Committee

Item No 16

Report title:	**Finance monitoring 2015-16 outturn**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Annexes to this report summarise the financial outturn for 2015-16, to give members an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.

This report also includes the Annual Treasury Management Report which forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity. Appendix 4 to this report provides details of the 2015-16 outturn position for treasury activities and highlights compliance with policy and strategy previously approved by Members in relation to treasury management.

Executive summary

This report gives details of the outturn position for the 2015-16 Revenue and Capital Budgets, General Balances, and the Council's Reserves at 31 March 2016, together with related financial information. The report also provides a brief commentary on Resources and Finance budgets which are the responsibility of this Committee, as well as a summary of treasury management activities.

Members are asked to:

- **note the Revenue outturn of an underspend of £0.052m on a net budget of £318.428m;**
- **note the General Balances of £19.252m at 31 March 2016, including the 2015-16 underspend of £0.052m;**
- **note the transfers to reserves of CES underspends set out in Appendix 1 paragraph 6.8, as reported to 11 May 2016 Communities Committee and 20 May 2016 EDT Committee;**
- **note the financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2;**
- **note the expenditure and funding of the 2015-16 and future capital programmes as set out in Appendix 3;**
- **endorse and recommend to County Council, the Annual Treasury Management Report 2015-16 as set out in Appendix 4.**

1. Introduction

On 16 February 2015, the County Council agreed a 2015-16 net revenue budget of £318.428m. At the end of each month, officers have prepared financial forecasts for each service and these have been presented to this committee throughout the year. The appendices to this report summarise the financial outturn for 2015-16, which will be reflected in the Council's Statement of Accounts.

2. Evidence

Three appendices are attached to this report:

Appendix 1 summarises the revenue outturn position, including:
- over and under spends within each service
- reserves balances
- changes to the approved budget
- the impact of planning assumptions
- payments and debt performance

Appendix 2 summarises the outturn for budgets which are the responsibility of the Policy and Resources Committee, and other information relating to:
- resources budgets
- finance and property budgets
- Finance General budgets.

Appendix 3 summarises the capital outturn position, and includes:
- changes to the capital programme
- future years capital programmes
- income from property sales
- capital programme funding
- other information relating to capital expenditure.

Appendix 4 is an Annual Treasury Management report for 2015-16 which summarises the
- Investment Activity
- Long Term Borrowing and Debt Management Activity
- Leasing Activity

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3. Financial Implications

As stated above, the revenue outturn for 2015-16 is an underspend of £0.052m on a net budget of £318.428m. As a result, General Balances have increased to £19.252m.

The Council's capital programme has been updated to incorporate new schemes approved by County Council on 22 February 2016.

As a result of the change to MRP policy agreed at County Council 22 February 2016, a £10.157m Business Risk Reserve has been created. This reserve has not been needed to support the 2015-16 budget.

Underspends in CES and Resources have allowed transfers to reserves totalling £0.319m (EDT) and £0.388m (Communities).

Appendix 4 to this report brings together information on the treasury management activities of the County Council during 2015-16. Treasury management activities have been reported throughout the year; and there are no further financial implications to consider.

4. Issues, risks and innovation

Risk implications

4.1 As part of the overall development of a new performance management framework for the Council, a new approach to corporate risk management has been adopted. This was described as part of the Risk Reporting and Management section of the Performance monitoring report reported to the October 2015 meeting of this committee.

4.2 A copy of the Council's Corporate Risk Register was presented to the Audit Committee on 21 April 2016 (agenda item 6, page 25). This provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk.

4.3 The County Council's treasury management activities provide for 'the effective management of risk while pursuing optimum performance consistent with those risks.

4.4 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers have taken measures through the year to reduce or eliminate potential over-spends.

5. Background

5.1 Having set a revenue and capital budget at the start of each financial year, the Council needs to ensure service delivery within allocated and available resources, which in turn underpins the financial stability of the Council. Consequently, progress has been regularly monitored and corrective action taken when required.

Officer Contact

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

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Norfolk County Council

Appendix 1: 2015-16 Finance Revenue Outturn Report

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

- the outturn position for the 2015-16 Revenue Budget
- General Balances and Reserves at 31 March 2016 and
- other key information relating to the overall financial position of the Council.

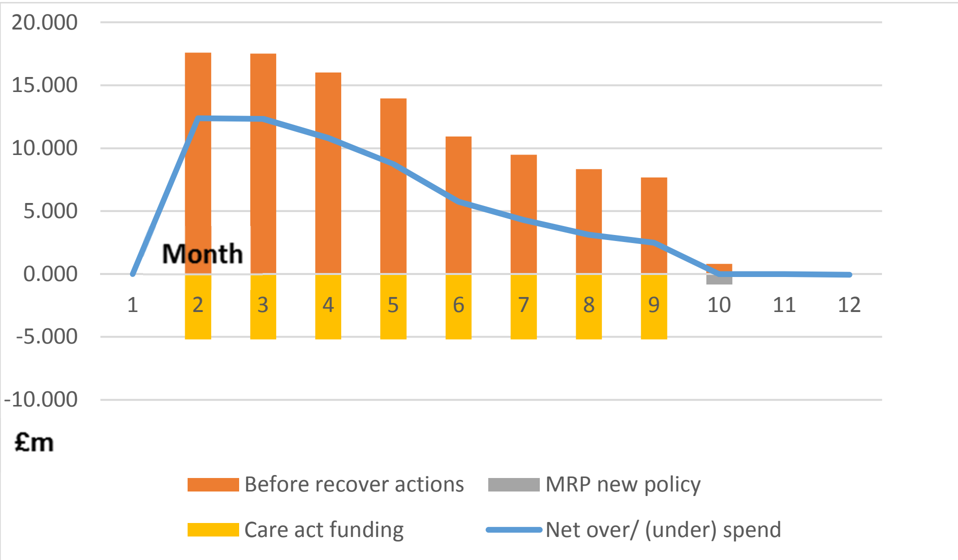
2 Summary of financial monitoring position

2.1 **At the end of the 2015-16 financial year:**

An underspend of £0.052m has been achieved on a net budget of £318.428m.

The chart below shows the month by month trend of revenue forecasts through the year.

Chart 1: forecast revenue outturn 2015-16, by month.



2.2 Up to month 9, £5.2m of Care Act funding was shown as additional grant, reducing the forecast outturn. Following the financial settlement announcement for 2016-17, the Government has confirmed that Care Act monies will be rolled into core funding next year and included within the Settlement Funding Assessment. To enable a like for like comparison with future year's budgets, this funding has now been shown as part of the net expenditure for the service instead of a below the line grant adjustment.

2.3 The main areas of overspend during the year have been:

- Adult Social Services: the net cost of services to users (Purchase of Care)
- Children's Services: the number of Looked After Children

These pressures have been balanced by underspends in other areas, mainly resulting from the use of cash balances rather than new borrowing to fund capital expenditure.

2.4 General Balances have been forecast to be £19.200m at 31 March 2016. With the addition of the net 2015-16 underspend of £0.052m, general balances stand at £19.252m.

2.5 The Council has total earmarked revenue reserves of £68.317m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), but due the timing of the budget this did not fully reflect the grants and contributions brought forward at the beginning of the year, grants to be carried forward into 2016-17, or a new £10m Business Risk Reserve which resulted from the change in MRP policy. The Council separately holds Reserves in respect of Schools of £34.791m at 31 March 2016.

3 Agreed budget, changes and variations

3.1 The 2015-16 budget was agreed by Council on 16 February 2015 and is summarised in the Council's Budget Book 2015-18. A summary of the budget by service is as follows:

Table 1: 2015-16 original and revised net budget by service

Service	Approved net base budget	Opening budget P10	Changes in P11 2015	Changes in P12 2016	Changes in P13 2016	Revised budget final
	£m	£m	£m		£m	£m
Adult Social Services	242.197	241.412	0.088	0.000	-2.186	239.314
Children's Services	174.531	173.505	-0.758	-0.788	36.389	208.348
Community and Environmental Services	156.310	170.088	0.020	-0.084	-12.046	157.978
Resources	38.299	22.921	0.021	0.013	0.573	23.528
Finance and Property	13.130	16.000	0.028	0.302	3.439	19.769
Finance General	-306.039	-305.498	0.601	0.557	-26.169	-330.509
Total	**318.428**	**318.428**	**-**	**-**	**-**	**318.428**

3.2 The budget movements in periods 11 and 12 reflect accounting adjustments in relation to depreciation and other capital adjustments. The large movements in period 13 reflect statutory accounting adjustments relating to capital expenditure legitimately incurred on assets not ultimately added to the Council's balance sheet (including some schools and, for example, the Better Broadband infrastructure) and asset re-valuations. The Council's overall net budget has not changed during the year.

4 Control of growth, cost pressures and savings targets

4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2015-16 budget (2015-16 budget book page 10) are shown in the following table along with a brief narrative showing the status in each:

Table 2: 2015-16 key planning pressures

Key planning assumptions	Impact £m	Status
Pay and price inflation – in particular pressures relating to third party contracts.	10.904	The Consumer Prices Index (CPI) rose by 0.5% in the year to March 2016. As inflation was lower than forecast at the time of budget setting, budgets were subsequently adjusted to reflect lower inflation in order to fund £0.5m priorities agreed at February 2015 County Council. CPI has increased gradually since October 2015 although historically still low. Agreed pay increases were in line with budget assumptions.
Demand / Demographics – pressures through both the age profile of the county and through changes to need, including supporting looked after children.	21.230	Long term demographic pressures have remained throughout the year. The cost of supporting looked after children has resulted in a significant overspend over and above the budgeted impact.
Legislative requirements – including implementation of the Social Care Act 2014, new responsibilities for social care in prisons, and the impact of conversions of schools to academies.	13.113	Financial pressures resulting directly and indirectly from legislative changes have had the predicted impact on budgets, including the costs of early assessments of service users who fund their own care which were introduced in 2015-16.

4.2 **Savings targets:** The key savings targets associated with the 2015-16 budget are addressed in a separate report to this committee.

5 Revenue outturn –over/underspends

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

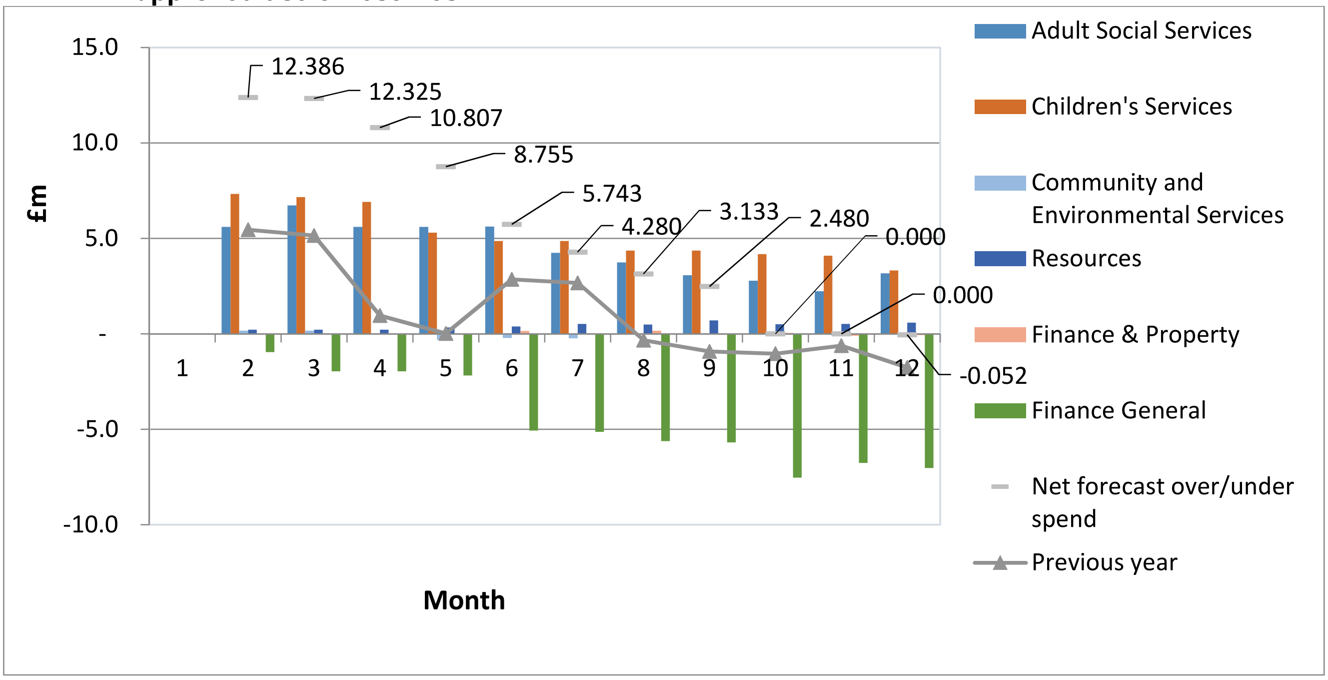
5.2 Details of all under and over spends for each service are set out in Revenue Annex 1 to this report, and are summarised in the following table:

Table 3: 2015-16 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%
Adult Social Services	239.314	3.168	1.3%
Children's Services	208.348	3.318	1.6%
Community and Environmental Services	157.978	-0.045	0.0%
Resources	23.528	0.586	2.5%
Finance and Property	19.769	-0.063	-0.3%
Finance General	-330.509	-7.016	2.1%
Totals	**318.428**	**-0.052**	0.0%

5.3 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2015-16, by month, after recovery actions and approved use of reserves



The main reasons for the service overspends are as follows:

- **Adult Social Services**: the overspend has been primarily due to the net cost of Services to Users (purchase of care) and costs associated with the delivery of this and other savings. Overspends have been significantly off-set by the use of new funding for implementing the Care Act.

- **Children's Services**: the number of Looked After Children has not reduced as quickly as originally planned, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs.

Services which are the responsibility of this committee:

5.4 **Resources**: The £0.586m overspend relates mainly to a decision not to charge staff for the use of the County Hall car park. A detailed breakdown of Resources budgets is shown in Appendix 2.

5.5 **Finance and Property**: A small overspend in Property has been more than balanced by an underspend in Finance resulting from reduced staff costs.

5.6 **Finance General underspend**: A detailed breakdown of the Finance General underspend is included in Appendix 2. £4m of the underspend results from a decision not undertake any borrowing in 2015-16.

6 General balances and reserves

General balances

6.1 On 16 February 2015 Council agreed the recommendation from the Executive Director of Finance that a minimum level of General Balances of £19.2m be held in 2015-16, an increase of £0.200m. General Balance levels at 31 March 2016 are as follows.

Table 4: general balances

	£m
General Balances 1 April 2015	**19.000**
Use of funds for one-off purposes: Increase in General Balances (Budget Book 2015-18 page 117)	0.200
Net underspend 2015-16	0.052
General Balances at 31 March 2016	**19.252**

Earmarked reserves balances, forecasts and actuals

6.2 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The plan for 2015-16 predicted reserves of £32.341m (Earmarked reserves - non schools, Budget Book page 144).

6.3 The outcome below is in line when taking into account grants and contributions brought forward, schemes put back to 2016-17, and a new £10m business risk reserve resulting from a change in MRP policy.

6.4 The Council carries a number of reserves, allocated to services as follows:

Table 5: actual and forecast revenue reserves

	Service bals 31 March 2015 after year end adjustments	31.3.16 forecast at period 10	31.3.16 forecast at period 11	Outturn balances 31.3.16
	£m	£m	£m	£m
Earmarked reserves - non schools				
Adult Social Services	8.748	2.010	2.010	2.848
Children's Services	5.403	2.430	2.430	3.797
CES	26.478	15.470	23.835	26.537
Resources	14.651	9.443	12.498	12.153
Finance and Property	0.967	0.699	0.699	1.076
Finance General	12.235	8.045	8.128	11.228
Business risk reserve	-	9.340	10.157	10.678
	68.483	**47.437**	**59.757**	**68.317**
Earmarked reserves - schools				
Schools - LMS balances	22.545	18.390	18.390	21.333
Schools - other reserves	17.301	12.524	12.524	13.458
Total schools reserves	**39.846**	**30.914**	**30.914**	**34.791**
Total Reserves	**108.329**	**78.351**	**90.671**	**103.108**

Note: figures in the table above exclude accounting provisions, so differ from reserves and provisions figures quoted in service committee reports.

6.5 The new Business Risk reserve was set up with £10.157m as part of the budget proposals agreed at 22 February 2016 County Council, resulting from a change in MRP policy. The balance for this reserve has increased to £10.678m as a result of a contribution from NHS Norwich CCG towards addressing risks related to the Better Care Fund. None of this reserve has been required to support 2015-16 budget pressures.

6.6 ASS reserves have reduced by £6m during 2015-16. This has been due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £2m net expenditure from grants and contributions, and £0.7m from the Prevention fund.

6.7 Children's Services year on year change includes significant net use of grants and contributions brought and carried forward.

6.8 CES net reserves are broadly unchanged over the year. Since the last forecast, £4m earmarked from Street Lighting PFI reserves for LED investment now slipped into 2016-17, an additional £2m in commuted sums highways maintenance receipts will also be carried forward, as will amounts relating to the Hethel Innovation Centre and some apprenticeship projects totalling a further £1m. In addition, the application of transformation savings has mitigated reserves reductions by a further £1m.

6.9 As a result of underspends during the year, the reserves shown above include the following transfers as reported to Communities and EDT committees in May 2016:

Transfer	**£m**
Transfers to EDT reserves – CES services	0.319
Transfers to Communities reserves – CES	0.283
Transfers to Communities reserves – Resources	0.105
Total	**0.707**

6.10 Resources reserves show a reduction for the year of £2.5m, spread across services including £0.4m from the lease car reserve, and £0.5m less Public Health ring-fenced grant carried forward. The largest components within Resources Reserves continues to be Public Health ring-fenced grant, with £5m carried forward into 2016-17, and IT reserves of over £4m.

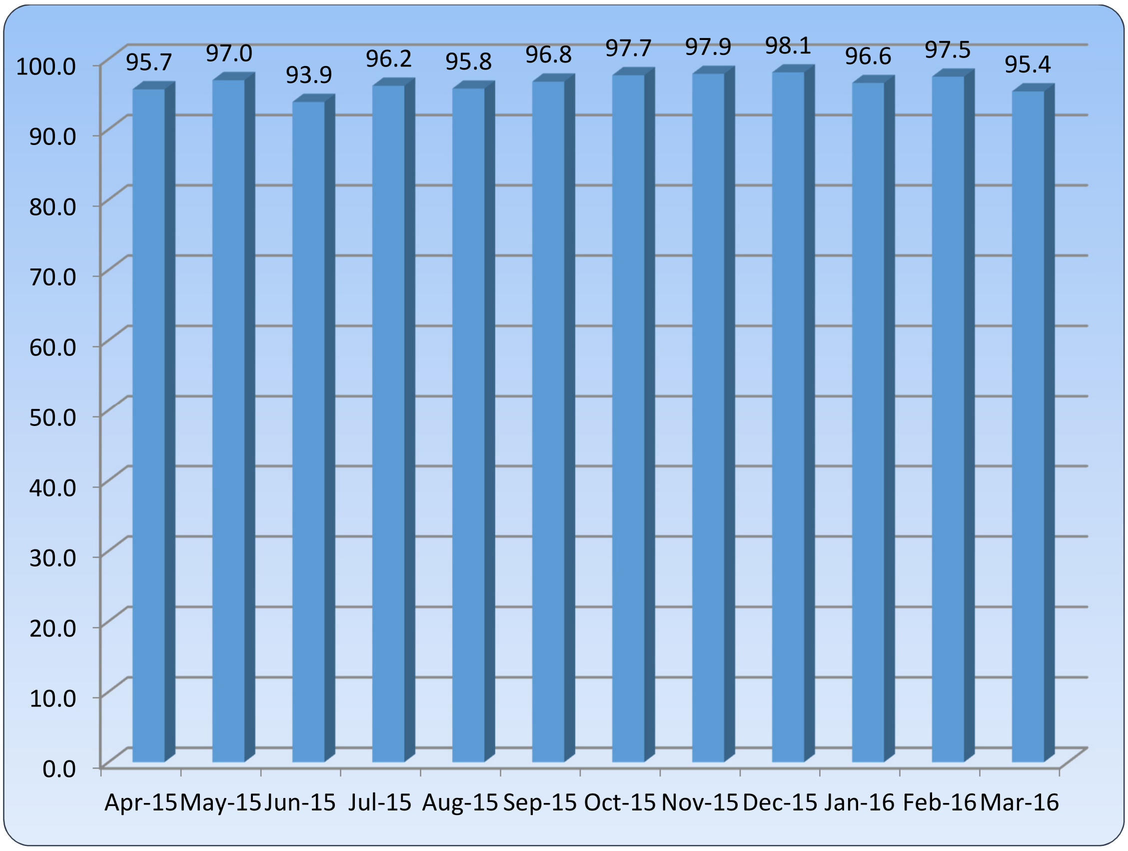
6.11 Overall balances for Finance and Finance General reserves have reduced by approximately £1m over the year. Increases of £1m in the Insurance Reserve and £0.7m in the Norfolk Infrastructure Fund have been more than off-set by a reduction of £1.5m in Building Maintenance reserves, plus approximately £0.5m from each of the Organisational Change and Redundancy and Icelandic Bank reserves.

6.12 In addition to reserves, the Council carries provisions to meet certain contingencies. At 31 March 2016 provisions were as follows:

Provisions	£m
Insurance Provision	12.845
Landfill Provision	9.073
Other accounting provisions	1.938
	23.856
Bad debt provisions - ASC	3.121
Bad debt provisions - other	0.042
Total Revenue Provisions	**27.019**

7 Payment performance

7.1 **Payment performance**: approximately 420,000 invoices are paid annually. Against a target of 90%, the percentage has not dropped below 93% in the last 12 months, as shown in the graph below.

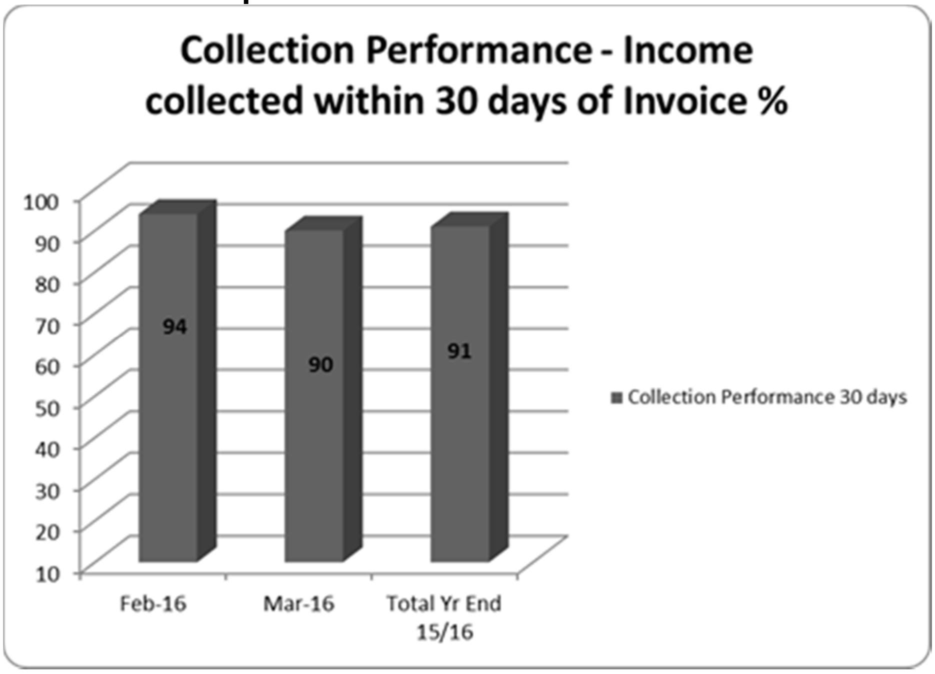


*Note: The figures include an allowance for disputes/exclusions.

8 Debt recovery

8.1 **Introduction**: Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £920m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

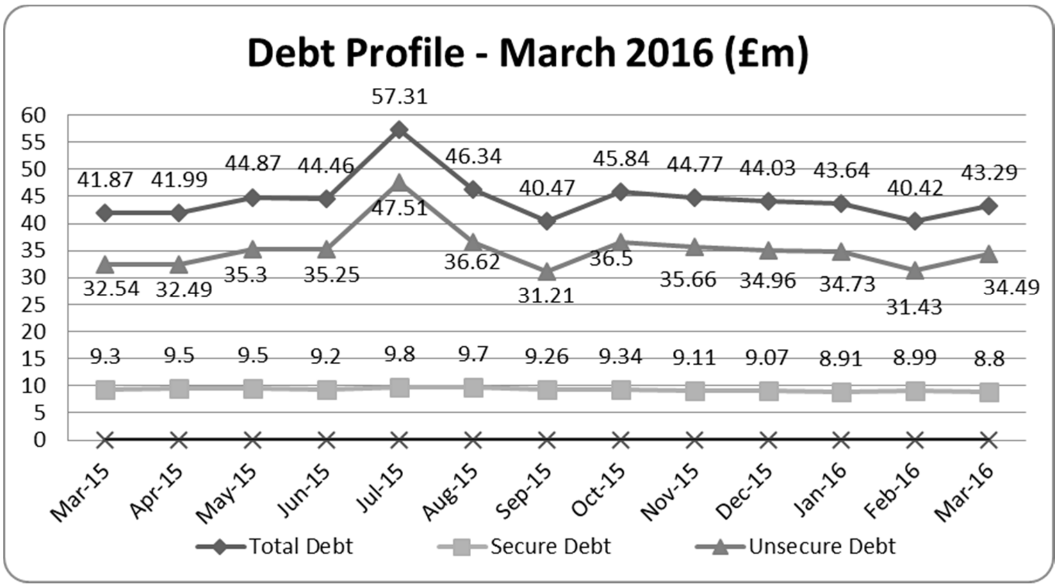
8.2 **Debt collection performance measures**



- During the year to March 2016, 91% (2014-15: 92%) of invoiced income, measured by value, was collected within 30 days.
- Collection performance for March 2016: 90% (January and February 2016: 92%) of income was collected within 30 days
- Levels of outstanding debt – secured £8.8m and £34.49m unsecured are broadly at the same level as period 10 (January): £8.91m & £34.73m respectively. The majority of unsecured debt relates to social care (£20.66m).

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

Debt Profile (Total)



8.4 The “spike” in July related to amounts due from CCGs, the majority of which was for amounts since collected for shared care, continuing care, free nursing care and Better Care Pooled Fund.

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

8.6 Service departments are responsible for funding their debt write offs. Once the debt is written off the amount of the write off is reflected a) in the service department’s budget through the reversal of the income from the transaction or b) where a service has set up a bad debt provision (for example Adult Social Services) the provision is used to fund the write-off. Further details of the recovery actions taken prior to any debt being written off were reported to the September 2015 meeting of this committee.

8.7 For the period 1 April to 31 March 2016, 689 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £296,795.50.

8.8 Four debts over £10,000 identified for write off in 2015-16 have been subject to Policy & Resources Committee approval during 2015-16 totalling £64,870.09.

Revenue Annex 1

Projected revenue outturn by service analysis

The latest projection for the 2015-16 revenue budget shows a net projected overall variance as follows:

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

Service	Revised Budget	Net total over / (under) spend	%
	£m	£m	
Adult Social Services	239.314	3.168	1.32%
Children's Services	208.348	3.318	1.59%
Community and Environmental Services	157.978	-0.045	-0.03%
Resources	23.528	0.586	2.49%
Finance and Property	19.769	-0.063	-0.32%
Finance General	-330.510	-7.016	2.12%
Total 2015-16	**318.428**	**-0.052**	-0.02%
Previous month (P11)	318.428	**0**	
Previous report (P10)	318.428	**0**	

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Where overspends are forecast, it may be necessary to identify remedial action, alternative sources of funding, or to plan draw on reserves.

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2015-16 over/(under) spend previous report P10	**0**
Movements in February - summary	
Adult Social Services	-0.553
Children's Services	-0.081
Community and Environmental Services	
Resources	0.015
Finance and Property	-0.152
Finance General	-0.046
Adjustment relating to MRP policy change	0.817
Latest forecast over / (under) spend after use of reserves	**-**
Movements in March - summary	
Adult Social Services	0.935
Children's Services	-0.778
Community and Environmental Services	-0.045
Resources	0.067
Finance and Property	0.030
Finance General	-0.261
Outturn over / (under) spend after use of reserves	**-0.052**

The net over / underspend is a result of a range of underlying over and underspends which are listed on the following pages and which are the subject of detailed monthly monitoring within services.

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change Feb	Change Mar
	£m	£m	£m	£m
Adult Social Services				
Central Services – Business Development		-0.312	0.043	-0.056
Commissioning, including Supporting People	0.804		0.605	-0.363
Early Help and Prevention	0.142		0.045	-0.084
Safeguarding	16.871		-1.160	6.485
Income from Service users		-7.218	-0.035	-5.069
Management, Finance and Transformation	0.081		-0.051	0.022
Application of Care Act funding		-7.200		
Over / (under) spend before recovery actions	**17.898**	**-14.730**	**-0.553**	**0.935**
	3.168			

Children's Services	Projected over spend	Projecte d under spend	Change Feb	Change Mar
Spending increases and reductions	£m	£m	£m	£m
LAC agency residential costs	3.843			
LAC agency fostering	1.584			
Additional in-house fostering costs inc "staying put policy"	1.115			-0.129
Additional residence/kinship costs	0.510		0.070	-0.010
Additional cost of fostering recruitment	0.007			
Additional cost of purchasing adoption out county placements	0.130			
Additional cost of care leavers independent living support	0.773			
Additional cost of agency social workers and NIPE social workers	0.720		0.150	-0.150
Clinical Commissioning	0.071			0.071
Mainstream Home to School transport	0.360			0.360
Post 16 Home to School transport	0.163			0.163
Additional number of Boarding Pathfinder placement		-0.044		-0.123
Reduced LAC legal costs		-0.304	-0.075	0.106
Savings on Information Advice and Guidance Service vacancies		-0.150		
Reduced cost of Early Years & Childcare Service		-0.650		-0.140
Capitalisation of school broadband costs		-0.176		
Locality co-ordinators / Additional school attendance court fine income		-0.210		-0.050
Business support - Savings on staff costs due to vacancy management		-0.175	-0.150	0.220
Reduced cost, school staff redundancies/retirement scheme		-0.066		0.010
Reduced demand on the LAC special circumstances grant			-0.076	0.076

Early help - Reduced support costs for partnership working as a result of more direct work by teams		-0.500		
Children's Homes		-0.150		-0.150
Educational Psychology Income		-0.268		-0.168
Support for Children with Disabilities		-0.430		-0.130
Social Care special purposes grant		-0.082		-0.082
School intervention service		-0.095		-0.095
Other minor savings across Children's Services		-0.177		-0.027
One-off corrective actions				
Vacancy Management		-0.700		-0.420
2 year old trajectory funding		-1.000		-0.110
Use of grants and reserves		-0.781		
Dedicated schools grant				
Independent and non-maintained education	3.036			0.436
Additional special school places	0.900			
Additional cost of Alternative provision	0.900			
Schools contingency		-0.635		-0.135
Suspended school staff		-0.134		0.014
School maternity staff		-0.053		-0.053
E Learning service		-0.097		-0.097
Minority Achievement & Attainment Service		-0.054		-0.054
Dedicated Schools Grant reserve		-3.863		-0.083
Outturn for Children's Services	**14.112**	**-10.794**	**-0.081**	**-0.778**
	3.318			

Community and Environmental Services	Projected over spend	Projected under spend	Change Feb	Change Mar
Highways and Transport Services		-0.401		
Environment and Planning – Energy and Waste		-0.439		
Planning Services	0.026		0.112	-0.466
Economic Development and Strategy		-0.090		
Business Development and Support	0.540			
Cultural - Libraries, Museums, Record Office, Arts		-0.355		-0.355
Customer Services – including Health watch		-0.051		-0.011
Fire & Community Resilience		-0.090	-0.112	-0.028
Contribution to Norfolk Community Learning Services	0.215			0.215
Transfers to EDT reserves	0.319			0.319
Transfers to Communities reserves	0.283			0.283
Rounding		-0.002		-0.002
Outturn for CES	**1.383**	**-1.428**	**0**	**-0.045**
		-0.045		

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change Feb	Change Mar
Resources	£m	£m	£m	
Managing Director's Office		-0.019	-0.019	
Director of Resources – inc County Hall car park income	1.105		0.031	0.271
Policy and Performance		-0.072	0.108	-0.058
Corporate Programme Office		-	0.006	0.018
Procurement		-0.129	-0.012	-0.024
Human Resources		-0.245	-0.113	-0.090
Communications	0.001			0.001

Consultation (Communities Committee)		-0.001	0.002	0.003
Registration Services (Communities Committee)		-0.105		-0.105
Democratic Services		-0.054	0.012	-0.054
Public Health		-		
ICT		-0.002		-0.002
Transfers to Communities reserves	0.105			0.105
Rounding	0.002			0.002
Outturn for Resources	**1.213**	**-0.627**	**0.015**	**0.067**
	0.586			
Finance and Property				
Finance – including schools finance and other staff costs/savings		-0.158		-0.008
Property – office accommodation	0.095		-0.152	0.038
Outturn for Finance and Property	**0.095**	**-0.158**	**-0.152**	**0.030**
		-0.063		
Finance General				
Adjustment to forecast interest on balances (see Appendix 2)		-4.328	-0.009	-0.070
ESPO dividend income		-0.223		
Local Assistance Scheme current year underspend		-0.540	-0.015	-0.125
National insurance savings re Childcare Vouchers		-0.190		
Adjustment to minimum revenue provision to reflect re-profiling of capital schemes to be funded from borrowing		-1.221		
Additional costs arising from Norse pension liabilities and volume discount.	0.590		0.004	
One-off re-payment of loan principal received from Norfolk Constabulary		-0.624		
Reduction in Icelandic Bank Reserve		-0.214	-0.026	
Use of forecast insurance fund surplus		-		0.200
Underspend on members allowances		-0.137		-0.137
Adjustment to use of business risk reserve forecast		-	0.817	
Other various net underspends		-0.129		-0.129
Outturn for Finance General	**0.590**	**-7.606**	**0.771**	**-0.261**
		-7.016		

Norfolk County Council

Appendix 2: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

The Policy and Resources Committee is responsible for the oversight of the Council's Resources and Finance budgets (including the Finance and Corporate Property service, and Finance General, excluding Consultation unit and Public Health). This appendix is designed to give a brief overview of the financial performance of each of these service areas.

The table below summarises the 2015-16 outturn position:

2 Resources

2015 / 16	**Current Budget Net Expenditure / (income)**	**Actual to date**	**Full Year Outturn**	**Overspend / (Underspend)**
	£m	**£m**	**£m**	**£m**
Managing Director's Office	0.419	0.400	0.400	(0.019)
Director of Resources	(1.228)	(0.123)	(0.123)	1.105
CIPPS & BPPS	1.470	1.398	1.398	(0.072)
Corporate Programme Office	0.781	0.781	0.781	0.000
Procurement	1.331	1.202	1.202	(0.129)
Human Resources	4.054	3.809	3.809	(0.245)
Communications	0.720	0.721	0.721	0.001
nplaw	(0.443)	(0.443)	(0.443)	0.000
Democratic Services	2.510	2.456	2.456	(0.054)
Public Health	0.007	0.007	0.007	0.000
ICT	13.639	13.637	13.637	(0.002)
Total Corporate Resources – P&R	23.26	23.845	23.845	0.585
Communities Committee (Consultation)	0.268	0.267	0.267	(0.001)
Rounding				0.002
Total Corporate Resources	23.528	24.112	24.112	0.586

The main reason for the net overspend above is £0.440m relating to a decision not to proceed with a scheme for charging staff to use the County Hall car park.

Other overspends within the service are largely off-set by potential savings from vacancy management and income generation in other areas.

Resources reserves stand at £12.8m representing a reduction for the year of £2.5m, spread across services including £0.4m from the lease car reserve, and £0.5m less Public Health ring-fenced grant carried forward. The largest components within Resources Reserves continues to be Public Health ring-fenced grant, with £5m carried forward into 2016-17, and IT reserves of over £4m.

3 Finance and Property, and Finance General

2015 / 16	Budget	Net Expenditure	**Overspend / (Underspend)**
	£m	£m	**£m**
Finance	6.694	6.536	-0.158
Property	13.075	13.170	0.095
Finance & Property	**19.769**	**19.706**	**-0.063**
Finance General	-330.510	-337.525	-7.016
Total Finance	**-310.740**	**-317.819**	**-7.079**

At the end of 2015-16, there is a net overspend within the Property function. This overspend relates to one-off costs of servicing office accommodation at County Hall, Havenbridge and other properties, and additional dilapidation costs, at a time when staff are being re-located. The property overspend is more than offset by a Finance underspend which is primarily due to reduced staff costs.

Reserves for Finance and Finance General as at 31 March 2016 total £1.1m and £11.2m respectively, with the largest reserves being Organisational Change and Redundancy, Building Maintenance (including Farms) and the Insurance reserve. Overall balances for Finance and Finance General reserves have reduced by approximately £1m over the year. Increases of £1m in the Insurance Reserve and £0.7m in the Norfolk Infrastructure Fund have been more than off-set by a reduction of £1.5m in Building Maintenance reserves, plus approximately £0.5m from each of the Organisational Change and Redundancy and Icelandic Bank reserves. The reduction in the Icelandic Banks reserve follows a sale of the Council's remaining claim against the insolvent estate of Glitnir which removed uncertainty, as reported to Policy and Resources committee on 30 November 2015.

A new business risk reserve was set up as part of the budget proposals agreed at 22 February 2016 County Council with an opening balance of £10.157m. The balance for this reserve has increased to £10.678m as a result of a contribution from NHS Norwich CCG towards addressing risks related to the Better Care Fund. No use was made of this reserve in 2015-16.

4 Finance General over and underspends

A table showing under and over spends is included in Annex 1 to Appendix 1. Explanations for Finance General over and underspends are as follows:

Interest on balances due to reduced borrowing (underspend £4.328m)
The 2015-16 interest payable/receivable budget was prepared on the basis that borrowing to support capital expenditure would be undertaken on 1 April 2015. This assumption was made to ensure that, in accordance with the treasury management code of practice, treasury management activities are not impacted by short-term budget considerations. No new borrowing took place in 2015-16.

ESPO Dividend Income (underspend £0.223m)
The Eastern Shires Purchasing Organisation returns a dividend to Norfolk County Council which is dependent on the surplus created by the organisation and the relative turnover of each partner authority.

Norfolk's Local Assistance Scheme (underspend £0.540m)
Norfolk's Local Assistance Scheme provides help to the most vulnerable people in the county, supporting people to either remain or resettle within the community. Take-up has not been as high has expected, resulting in the one off underspend in 2015-16.

National insurance saving on childcare vouchers (underspend £0.190m)
A one-off saving has occurred due to the way in which employers NI on childcare vouchers has been accounted for.

Minimum Revenue Provision to reflect re-profiling of capital schemes (underspend £1.221m)
Every year the Council has to set aside an amount which represents the minimum contribution to the repayment of borrowing. The MRP underspend is an adjustment which reflects capital spend which was budgeted to be spent in 2014-15, but which has been incurred in 2015-16 or is budgeted to be spent in future years.

Adjustment resulting from change to MRP policy (no over/underspend)
A change to the Council's MRP policy was agreed by County Council on 22 February 2016. The positive impact of this change on the 2015-16 revenue budget is £10.157m, from which a Business Risk Reserve has been set up.

Norse pension liabilities (overspend £0.590m)
This adjustment relates to additional costs arising from a 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The transfer has enabled the Norse Group to pay dividends to Norfolk County Council. A shortfall has arisen due primarily to a decrease in the number of NPS employees in the LGPS with a shortfall relating to the level of volume discount expected to be received from the Norse Group.

Other items (underspend £1.104m)
A one-off repayment of debt principal by Norfolk Constabulary has resulted in an in-year revenue underspend of £0.624m. In addition, £0.214m has been released from the Icelandic bank reserve on the basis that the bank administrators will release a further dividend, and there has been an underspend on members allowances of £0.137m, and sundry other small underspends totalling £0.129m.

Norfolk County Council

Appendix 3: 2015-16 Capital Finance Outturn Report

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Outturn

1.1 On 16 February 2015, the County Council agreed a 2015-16 capital programme of £210.503m with a further £228.430m allocated to future years'. Slippage and re-profiling from 2014-15 increased the 2015-16 programme to £216.083m. This report summarises changes to the programme during 2015-16 which have resulted in an outturn of £129.060m.

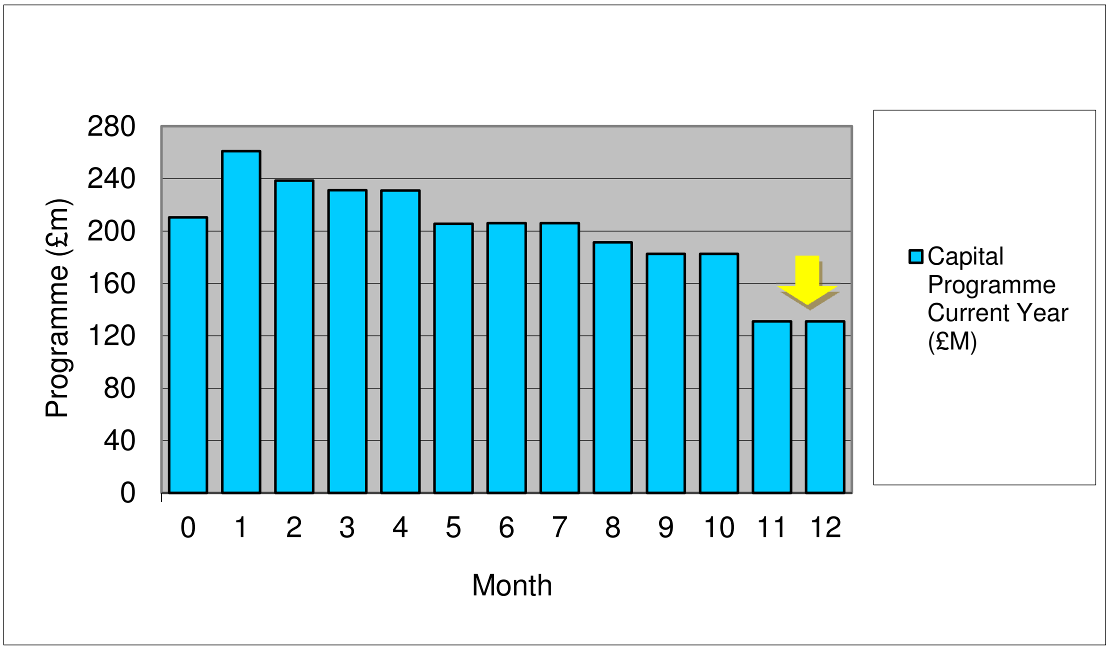
1.2 Movements in the programme since the month 10 position previously reported are set out in Capital Annex 1. These reductions are due mainly to the reprofiling of schemes into 2016-17.

Table 1: Capital Programme outturn

	2015-16 expenditure	Future years
	£m	£m
New schemes approved February 2015	38.982	136.281
Previously approved schemes	171.521	92.149
Totals in 2015-18 Budget Book	**210.503**	**228.430**
Re-profiling at financial year end	39.070	3.338
Other Adjustments, including adjustments to indicative funding settlements	11.510	36.897
Capital Programme Opening Position	**261.083**	**268.665**
Previously reported reprofiling	-110.592	110.592
Other movements previously reported	32.207	23.489
County Council 22 February 2016 - approved new items in 2016-20 capital programme		49.481
Rounding	0.020	-0.001
Totals previous period	**182.700**	**452.226**
Re-profiling this period	-37.547	37.547
Other movements	-14.247	7.843
Rounding	0.002	
Capital programme outturn	**130.908**	**497.616**
Final slippage and underspends	1.848	
Capital outturn expenditure	**129.060**	

1.3 The following chart shows changes to the 2015-16 capital programme through the year.

Chart 1: Current year capital programme re-profiling and other changes through 2015-16



1.4 Month "0" represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2014-15. The arrow at Month 11/12 shows the outturn position.

1.5 The final outturn expenditure on the capital programme for 2015-16 was £129.060m against the revised programme of 130.908m, as a result of £1.848m of slippage and underspends. The final position for each service is set out in the table below:

Table 2a: Outturn capital programme 2015-16

Service	**Opening Capital Programme 2015-16**	**Cumulative Changes To Date**	**Reprofiling since last report**	**Other Changes since last report**	**2015-16 Capital Programme**	**2015-16 Expenditure**	**Slippage / Over / (Under) spend**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Children's Services	100.392	-65.984	-11.190	3.747	26.965	26.962	-0.003
Adult Social Care	8.733	-4.070	-0.234	0.000	4.431	4.426	-0.005
Community & Environmental Services	133.213	-22.045	-17.275	-8.182	85.711	85.314	-0.396
Resources	0.779				0.779	0.779	0.000
Finance	17.966	13.716	-8.848	-9.812	13.022	11.578	-1.444
Total	**261.083**	**-78.383**	**-37.547**	**-14.247**	**130.908**	**129.060**	**-1.848**
		182.700		**-51.794**			

Note: this table and the tables below contain rounding differences

1.6 Reprofiling and other changes to schemes are identified in further detail in Capital Annex 1.

1.7 The final slippage and overspends can be analysed as follows:

2 Table 2b: Outturn capital programme 2015-16 slippage and under-spends

Service	Slippage	Over / (Under) spend	Total	Narrative
	£m	£m	£m	
Children's Services		-0.003	-0.003	Small net underspend
Adult Social Care	-0.005		-0.005	CMW underspend- to be returned to centre and used in 2016-17
Community & Environmental Services	-0.394	-0.002	-0.396	Slippage – primarily revenue contribution to be spent 2016-17 on Real Fire training unit. Small underspend achieved at Gressenhall sewerage plant scheme
Resources	-	-	-	
Finance	-0.667	-0.777	-1.444	Slippage relates to Corporate Minor Works and Carbon Energy Reduction Funds to be carried forward to 2016-17. Underspend relates to lower than anticipated costs of Great Yarmouth accommodation.
Total	**-1.066**	**-0.782**	**-1.848**	

2.1 The revised programme for future years (2016-17 to 2019-20) is as follows:

Table 3a: Capital programme 2016-20

Service	Forecast for 2016-20 reported March 2016 P&R, including new schemes approved by County Council February 2016 £m	February/ March Reprofiling (from 2015-16 to future years) £m	Other Movements £m	Future years 2016-20 forecast £m
Children's Services	145.74	11.190	2.581	159.511
Adult Social Care	16.262	0.234	-0.038	16.458
Community & Environmental Services	247.852	17.275	5.300	270.427
Resources	1.500			1.500
Finance & Property	40.872	8.848		49.720
Total	**452.226**	**37.547**	**7.843**	**497.616**

Note: this table contains rounding differences. In the tables above the Better Broadband scheme has been transferred from the Resources heading to the more appropriate CES heading and the Social Care System replacement is shown under Adult Social Care, although it will have a broader application for the authority.

The table above includes an amount of £49.481m of new schemes approved by the County Council in February 2016 as follows.

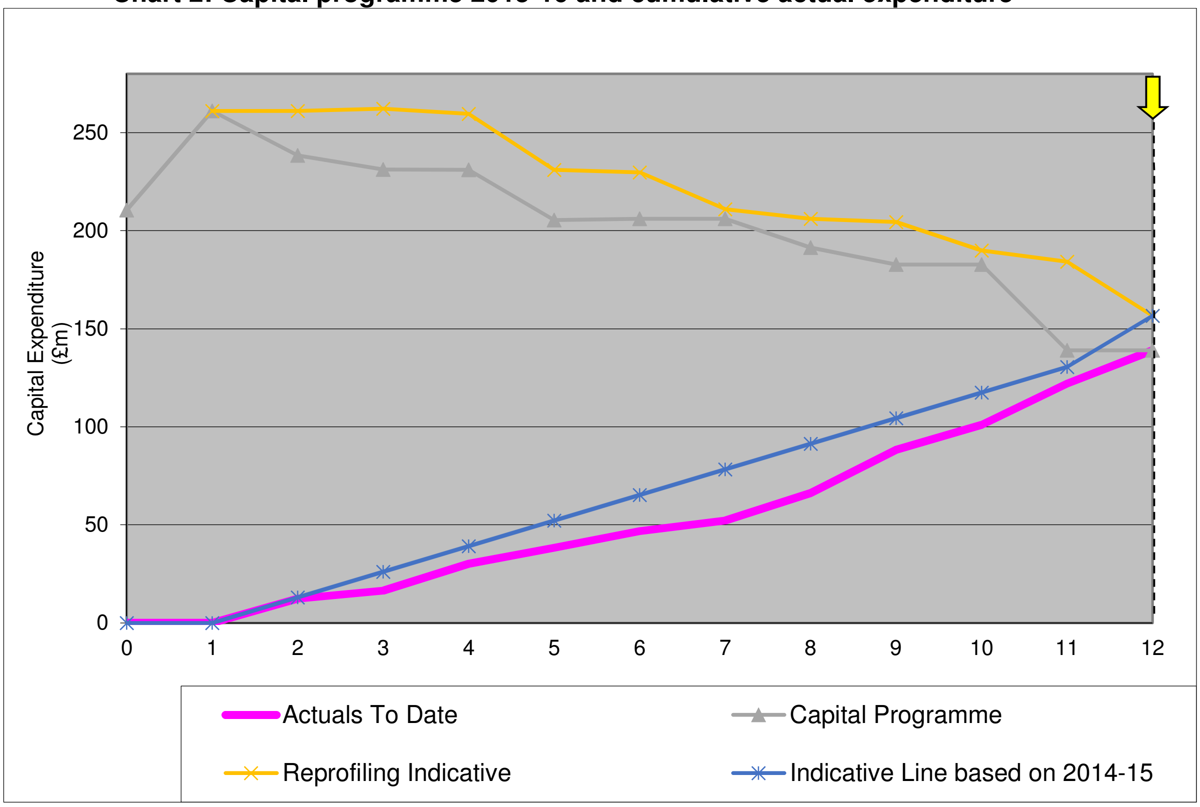
Table 3b: New capital schemes 2016-20

New capital schemes 2016-20 approved 22 February 2016 County Council					
	2016-17 £m	**2017-18 £m**	**2018-19 £m**	**2019-20 £m**	**Total new £m**
Whitlingham capital improvements	0.200	0.115			0.315
Libraries Open+ scheme		0.920			0.920
Customer Services Strategy	0.970				0.970
Better Broadband for Norfolk	0.500				0.500
Social Care System replacement	1.897	5.034	0.995		7.926
Voice and Data contract	1.500				1.500
Farms, extension of existing programme			0.600	0.600	1.200
Capital loans to subsidiary companies	10.000				10.000
County Hall North & South Wings	2.150				2.150
Corporate offices capital maintenance	1.000	1.000	1.000	1.000	4.000
GNGB local infrastructure loan facility	4.500	7.500	8.000		20.000
	22.717	**14.569**	**10.595**	**1.600**	**49.481**

Actual Spend and Progress on Capital Programme

2.2 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2015-16 and cumulative actual expenditure



2.3 Total expenditure on the 2015-16 capital programme was £139m, including £10m of capital loans added to the totals in the tables above and transferred to long term debtors at the year end.

2.4 The graph above shows that actual capital expenditure was lower than 2014-15, but it is expected to increase in 2016-17 due to construction of the NDR (see below). The graph also shows that re-profiling has taken place earlier than last year, and the aim is to continue this trend to assist better cash flow forecasting.

3 Progress during 2015-16

The Council has made significant progress in completing schemes to support the delivery of its services and its asset management plan. Highlights of this year's programme are detailed below:

3.1 Children's Services

The County Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. Development has been within the strategic direction of a Local Growth and Investment Plan approved in January 2015. Delivery in 2015-16 has included:

- Hunstanton Primary - amalgamation of infant and junior onto a single site
- Ashwicken CE VA Primary - 80% rebuild as part of 3 year junior reorganisation
- Watton Westfield Infant- permanent expansion to 3 form entry including mobile classroom replacement, expansion of hall and new entrance.
- Poringland Primary – permanent replacement of mobiles
- Gt Yarmouth Primary Academy classroom and hall accommodation
- Robert Kett and Browick Road reorganisation to primary in Wymondham
- An extensive programme of condition improvements, and several other projects still on site at the year end.

3.2 Adult Social Care

The majority of the £4.4m ASC capital expenditure has been the passing through of a £3.8m Better Care Fund Disabled Facilities Grant. This grant is passed to housing authorities (district councils in Norfolk) to assist disabled people by making changes and adaptations to their homes. Other expenditure in year has resulted in improvements to a number of properties.

3.3 Community and Environmental Services

The higher capacity A47 junction at the Postwick Hub opened to traffic in December 2015, addressing serious capacity and road safety problems with the old junction, providing access to new business and housing developments in the area, as well as a connection to the Norwich Northern Distributor Road (NDR).

Planning the NDR continued throughout 2015-16, with the main construction contract with Balfour Beatty starting on 4 January 2016. The road is due to open in February 2018 or sooner and will relieve communities in and around the north of Norwich from the effects of through traffic, as well as providing a strategic connection to jobs and industry for a large part of northern Norfolk.

The cost of the Postwick Hub (£27.7m) is included in the Norwich Northern Distributor Road (NDR) cost analysis shown below.

2015-16 was the second year of highway service delivery through a contract with LaFarge Tarmac (Contractor) and Mouchel (Consultant). The total budget of £77m (including the NDR and Postwick Hub) was successfully delivered with other major projects including:

- Completion of the 1.1 mile £6.7m Great Yarmouth A12-A143 Link Road Scheme in partnership with Great Yarmouth Borough Council
- Over £30m spent on highway and bridge maintenance schemes

- Over £3.7m spent on various cycle schemes including the "Push the pedalways" project in Norwich (supported by DfT Cycle ambition funding)
- Numerous local road schemes, including highway and junction improvements.

Norfolk Fire and Rescue Service has invested £0.989m in various projects, including improvements at the North Lynn Fire Station, a replacement fire appliances in the Downham Market, and numerous fire safety and energy efficiency projects across the estate.

The development Scottow Enterprise Park (formerly RAF Coltishall site) has continued through 2015-16. The authority has leased a large part of the former airfield to Scottow Moor Solar whose solar farm covers an area of approximately 250 acres.

Better Broadband for Norfolk (BBfN) was initiated in 2013-14, with the aim of extending the fibre broadband network to homes and businesses across the county where it wasn't economically viable for commercial companies to provide access. The scheme is being delivered in partnership with BT. Phase 1 completed in 2015-16, meaning the number of people with access to superfast broadband (25mps or above) has almost doubled in under three years from 43% in 2012 to more than 80%. In addition, the first areas in the second phase of the BBfN contract also received access to improved broadband speeds before the end of March 2016.

The Libraries service has delivered around £0.244m of libraries improvements; generally small Carbon Energy Reduction Fund (CERF) and s106 funded projects to improve the condition and energy efficiency across the libraries estate.

Museums capital expenditure has included £0.613m spent on "Voices from the Workhouse" at Gressenhall Farm and Workhouse. This is a three-year Heritage Lottery Fund project which is transforming the museum's displays.

3.4 Resources

The Digital Norfolk Ambition programme continues, with a further £0.6m invested in laptops and hardware during the year.

3.5 Finance & Property

The County Hall Refurbishment project continued throughout 2015-16 and was a large part of the Finance & Property capital programme. With over £10m spent during the year, the project is substantially complete, providing accommodation for approximately 3,000 staff.

The re-design of County Hall, together with works at Havenbridge House in Great Yarmouth completed in summer 2015, is allowing the Council to use its office space more flexibly and to vacate and dispose of local satellite offices.

The authority has also continued its programmes of asbestos surveys and removal, and improvements to the County Farms estate.

Norwich Northern Distributor Road

3.6 Consent from the DfT for the Norwich Northern Distributor Road scheme was notified on 2 June 2015. The scheme was discussed in detail at 2 September 2015 County Council, with further clarification at an Extraordinary Meeting held on 6 November 2015 including an additional £10m from each of the DfT and New Anglia LEP.

3.7 In March 2011 the Greater Norwich Development Partnership Policy Group agreed to use a significant proportion of future CIL revenues to establish a shared infrastructure investment fund to support delivery of priority infrastructure projects, including up to £40m for the delivery of the NDR. The County Council is the accountable body for the delivery of the NDR, and will borrow this element of funding.

3.8 The 6 November 2015 County Council report set out the projected financing and costs of the project as follows:

Table 4a: NDR funding

Project funding	**£m**	**Project costs**	**£m**
DfT Postwick Hub specific funding	19.00		
DfT NDR specific funding	77.49	**Postwick Hub**	27.70
LEP	10.00	**NDR**	
Growth point funding	1.71	Construction cost	104.20
CIL Supported Borrowing	40.00	Statutory undertakers	8.30
Deferral of Bridge maintenance projects	1.00	Land costs	17.20
Highways Services reserves	2.00	Preparation, risk and contingency	20.25
Highways capital programme 2016-20	7.40	Supervision cost	1.30
NDR Reserve	2.50		151.25
Capital receipts	17.85		
Total	**178.95**	**Total**	**178.95**

Actual expenditure as at 31 March 2016, and forecast expenditure is shown in the table below:

Table 4b: NDR spend and indicative forecast

Spend profile		2012-15	2015-16	2016-17	2017-18	2018-19	2019-20
(estimate)	**Total**	Actual	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m	
Postwick Hub	**27.70**	20.10	7.40	0.20			
NDR	**151.25**	13.77	17.83	55.50	56.62	6.93	0.60
Totals	**178.95**	**33.87**	**25.23**	**55.70**	**56.62**	**6.93**	**0.60**
Cumulative		**33.87**	**59.10**	**114.80**	**171.42**	**178.35**	**178.95**

Note: the funding and spend tables above exclude a proportion of the costs associated with the Airport Radar which will be supported by a loan between NCC and the Airport.

4 Financing The Programme

4.1 The Council uses a number of sources of funding to support its capital programme.

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

4.3 The table below identifies the planned funding of the revised capital programme:

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previous Changes	Changes since last report	2015-16 Programme	2015-16 Outturn	2015-16 slippage / Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	-2.091	-32.067	24.086	22.733	-1.353	123.775
Capital Receipts	7.200	-2.998	-0.073	4.129	4.129	0.000	15.368
Revenue & Reserves	6.279	0.402	-3.950	2.731	2.237	-0.494	8.905
Grants and Contributions:		0.000					349.568
DfE	77.960	-53.569	-6.128	18.263	18.263	0.000	
DfT	59.278	-5.673	0.544	54.149	54.149	0.000	
DoH	7.721	-3.664	0.212	4.269	4.269	0.000	
DCLG	0.967	-0.414	-0.466	0.088	0.088	0.000	
DCMS	3.001	0.000	-0.215	2.786	2.786	0.000	
GNDP/CIF	0.000	0.158	0.000	0.158	0.158	0.000	
Developer Contributions	9.772	1.526	-2.807	8.491	8.491	0.000	
Other	30.662	-12.062	-6.842	11.758	11.756	-0.002	
TOTAL	**261.083**	**-78.383**	**-51.792**	**130.908**	**129.060**	**-1.848**	**497.616**

Note: this table contains rounding differences

4.4 The table above shows a reduction in the 2015-16 prudential borrowing requirement. In order to minimise the Councils minimum revenue provision in the budget planning period, grant and other third party funding is applied first where possible, and the re-profiling of schemes such as the NDR and Better Broadband has resulted in prudential borrowing being allocated to fund future year’s expenditure.

5 Capital Receipts

5.1 The Council's Asset Management Plan, as approved on 1 June 2015, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

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

5.3 The capital programme, approved in February 2015, demonstrated how asset management would support capital expenditure through generating a target £8.085m of capital receipts through property disposals, in the context of a longer term disposals programme.

5.4 Since then, there have been a significant number of changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms estate.

5.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

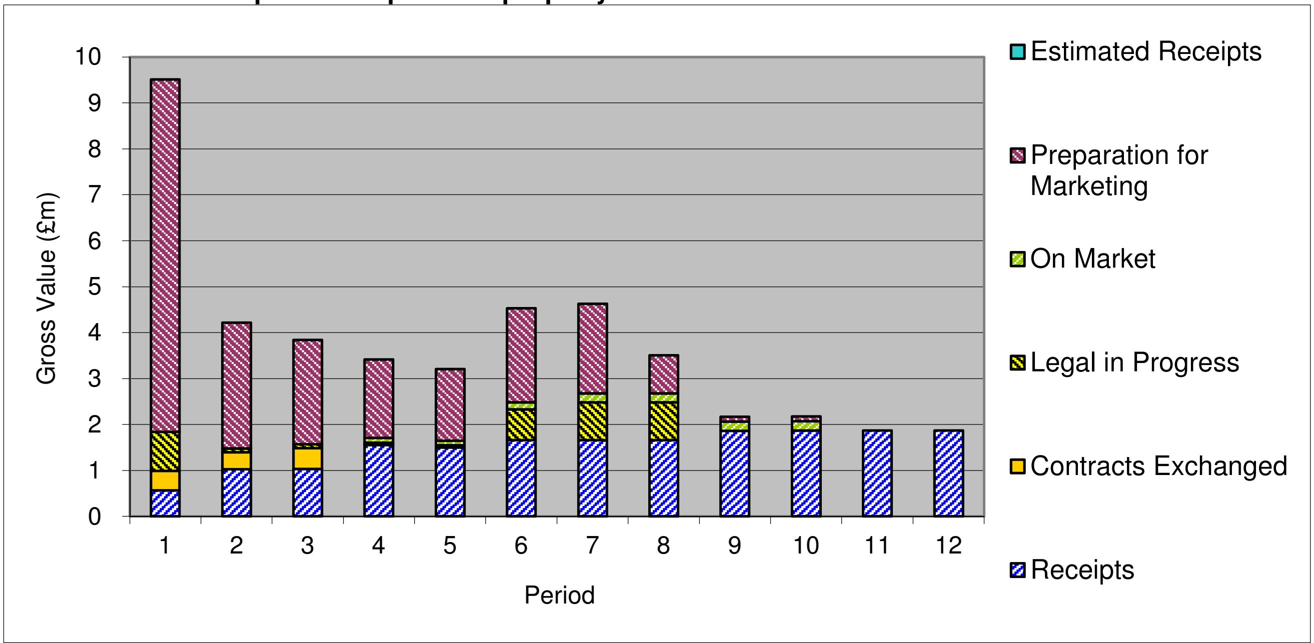
	2015-16 Approved £m	**2015-16 End of January £m**	**2015-16 Outturn £m**	**Changes in February / March £m**
General Capital Receipts	2.734	1.472	1.324	0.148
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	0.402	0.302	0.100
Estimated Total Capital Receipts	**8.085**	**2.179**	**1.869**	**0.310**

5.6 Expected capital receipts have reduced as a predicted sales dates have been put back or a decision has been made to delay sale, for example where planning permission could increase the value of a property.

5.7 The main reasons for the decrease in expected receipts for the current year is the putting back of expected sales dates of a number of properties including farm land at Acle, elements of the Council's Fringe Land at Sprowston, and properties at the Oaks, Norwich. Since period 10, receipts have been put back to the early part of 2016-17 for a property in Martham, and a Barn near Acle.

5.8 The chart below shows the progress on realisation of the forecast capital receipts for 2015-16.

Chart 3: Capital Receipts from property sales 2015-16



5.9 Where unallocated capital receipts are generated the Council uses these to support its general capital programme. Anywhere capital receipts have been allocated as part of a financial package, but are still to be used, they are retained in the capital receipts reserve to fund future projects. The table below identifies expected movements on the capital receipts reserve:

Table 7: Capital receipts reserve 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**2.845**	**0.409**	**3.254**
Receipts from sales of properties	1.263	0.305	0.302	1.870
Receipts from sales of assets to leasing companies	0.000	0.000	0.000	0.000
Other capital receipts	0.078	0.000	0.000	0.078
Receipts generated in year	**1.343**	**0.305**	**0.302**	**1.950**
Sales expenses	-0.041	-0.030	0.000	-0.072
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Net receipts available for funding	**1.301**	**3.120**	**0.711**	**5.131**
Use to fund incomplete leases	-0.246	0.000	0.000	-0.246
Use to fund programme and reduce borrowing	-1.055	-2.061	-0.193	-3.309
Closing Balance	**0.000**	**1.058**	**0.518**	**1.576**

5.10 Financial packages exist where the Council has agreed to link receipts from the sale of an asset with the funding of a specific project. Balances on financial packages exist where these projects remain incomplete.

5.11 Other capital receipts include loan repayments from subsidiary companies.

Capital Annex 1

Reprofiling and Other Changes to the 2015-16 Capital Programme

Table A1a: Reprofiling in February 2016 & March 2016

Service	Project	Funding Type	RE-PROFILE £m	Other Changes £m	Narrative
Children's Services					
Children's Services	A1 Major Growth	Multiple Funding Sources	-4.672	0.962	Children's Services programme carred forward to 2016-17 when not spent in-year to fund on-going schemes.
	A2 Master Planning		0.014		
	A3 Area Growth and Reorg		-0.384		
	A4 Growth - Minor Adjustments		-0.616		
	B1 SEN		0.006		
	B2 Additional Needs		-0.516		
	B4 Early Years		-0.836		
	B8 Targeted need		-0.330		
	C1 Efficiency		-0.300	0.048	
	C2 Major Capital Maintenance		0.095	0.001	
	C3 Premises Stat Compliance		-0.068		
	D ICT, Devolved Budgets and Other Schemes		-2.339	2.736	
	Closed Schemes		-0.053		
	Prior Year Projects		-1.191		
			-11.190	**3.747**	
Adult social care					
Adult social care	Unallocated Capital Grant	Grants & Contns	0.159		
	Other Schemes	Multiple Funding Sources	-0.393		
			-0.234	**0.000**	
Community & Environmental Services					
Libraries	S106 Schemes	Grants & Contns	-0.255	0.068	Reprofiling of schemes to 2016-17 and s106 allocation
	Other Libraries Schemes	Multiple	-0.069		
	CERF Schemes	Borrow'g / Cap Receipts		-0.018	Minor changes to schemes, underspends returned to pot
	Libraries Transformation 14/15+	Multiple	-0.011		920k change already reported as part of new programme changes
Museums	Castle Keep Improvements	Grants & Contns	-0.711		
	GFW Voices from the Workhouse	Grants & Contns	-0.587		
	Other Museums Schemes	Multiple	-0.045		

ETD Other	NEF Loan	Borrow'g / Cap Receipts	-0.700		
	Drainage Improvements	Borrow'g / Cap Receipts	-0.198		
	Other Schemes	Multiple	-0.004		
	Smart Card			0.754	Additional external funding
Highways	Street Lighting Improvements	Revenue and Reserves	-4.000		
	NDR	Multiple	-2.069		Adjustments to highways' schemes to match expenditure in 2015-16. Associated funding will be moved to 2016-17 and schemes re-profiled or funds re-allocated.
	GY Link Road			0.979	
	Local Road Schemes			-3.131	
	Cycling Schemes			-2.360	
	Other Schemes			-1.877	
Economic Development	Norse Aviation Academy	Borrow'g / Cap Receipts	-6.450		
	Other schemes inc Scottow Enterprise Park	Multiple		-0.980	Adjustments to match expenditure in 2015-16. Associated funding will be moved to 2016-17 and schemes re-profiled or funding re-allocated.
Fire	Other Fire Schemes	Multiple	-0.278	-0.325	Schemes re-profiled or funding re-allocated to 2016-17.
CES other	Minor changes inc rounding		-0.001	0.008	
Better Broadband	Better Broadband Scheme	Multiple	-1.898	-1.300	Additional funding agreed by full Council, transfer Budget from Scheme 1 to Scheme 2, reprofiling into 16/17
			-17.275	**-1.300**	
Finance and Property					
Norse Loan	Norse Loan	Borrow'g / Cap Receipts	-5.000	-10.000	Capital loan transferred to long term debtor. Remainder of loan facility re-profiled.
County Farms	Farms Schemes	Borrow'g / Cap Receipts	-0.611		Extra funding approved for future years and reprofiling
Incomplete Leasing		Borrow'g / Cap Receipts		0.246	Incomplete leasing transferred to Capital code
County Hall		Borrow'g / Cap Receipts	-2.720		
Capital Receipts		-"-		-0.058	
Office Accomodation		Multiple	-0.435		Funding agreed for future years
Norfolk Workstyle		Borrow'g / Cap Receipts	-0.082		
			-8.848	**-9.812**	
Total			**-37.547**	**-14.247**	

Table A1b: Changes to future year's capital programme

Service	Project	Funding Type	RE-PROFILE £m	Other Changes £m	Narrative
Children's Services	D ICT, Devolved Budgets and Other Schemes	Multiple Funding Sources		0.010	
	Prior Year Projects			2.571	Specific underspends moved back to basic need funding pot
				2.581	
Adult social care	Unallocated Capital Grant	Grants & Contns		-0.038	Adjustment to grant available
				-0.038	
CES	Smart Card	Multiple		1.199	New external funding
	Waste Minimisation	Multiple		0.527	New LPSA funding
	Scottow Enterprise Park			1.754	Includes funding re-allocated from 2015-16 planned schemes
	Fire Schemes			0.510	
	Better Broadband Scheme	Multiple		1.310	Slippage moved into new Better Broadband scheme 2
				5.300	
All services	Re-profiling from 2015-16 (see table above)		37.547		
Totals			**37.547**	**7.843**	

Norfolk County Council

Appendix 4: Annual Treasury Management Report 2015-16

Report by the Executive Director of Finance

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce an annual report on Treasury Management activities. The County Council is required to comply with the Code through Regulations issued under the Local Government Act 2003.

1.2 Treasury management activities are defined as 'the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.

1.3 Treasury management in local authorities is extremely well regulated. Specific policy and operational guidance is contained in a variety of professional codes, statutes and government guidance.

1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.5 During 2015-16 the minimum reporting requirements were that the County Council should receive the following reports:

- an annual treasury strategy in advance of the year (County Council 16th February 2015)
- a mid year treasury update report (County Council 14th December 2015)
- an annual report following the year-end describing activity (this report).

In addition throughout 2015-16, the Treasury Management Panel and the Policy and Resources Committee received regular treasury management performance monitoring reports.

2. Economic Review 2015-16 (by Capita, TM Advisors)

2.1 Market expectations for the first increase in Bank Rate moved considerably during 2015-16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

2.2 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth

(GDP) in 2015-16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

2.3 The overall trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back.

2.4 The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March 2015 at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.

2.5 As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

3. Treasury Operations in 2015-16

3.1 Investment Interest Rates in 2015-16

3.1.1 The Bank Base Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the start of monetary policy tightening (increases in Bank Base Rates), suggests quarter 2 of 2018. The table below shows that due to 'cheap credit' being made available to banks, there has been little movement in money market deposit rates during the course of 2015-16.

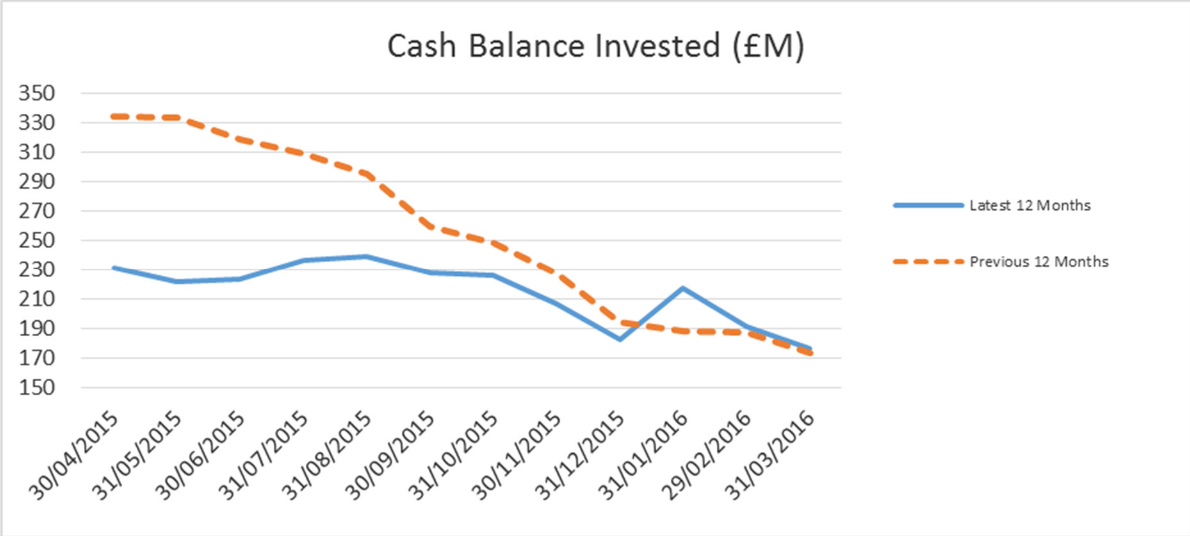
Money Market Investment Rates for 2015-16					
	7 day (%)	**1 month (%)**	**3 month (%)**	**6 month (%)**	**1 year (%)**
1st April 15	0.361	0.381	0.445	0.559	0.843
31st Mar 16	0.361	0.386	0.463	0.615	0.878
High	0.372	0.389	0.468	0.635	0.959
Low	0.349	0.377	0.441	0.557	0.842
Average	**0.361**	**0.383**	**0.456**	**0.609**	**0.902**

3.2 Investment Activity

3.2.1 The Council's investment policy is governed by the Department for Communities and Local Government's Guidance, which was incorporated within the annual investment strategy approved by the County Council on 16th February 2015. Investment activity during the year was in accordance with the approved strategy.

3.2.2 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme.

3.2.3 Income received in 2015-16 amounted to £1,518M (£1,553M in 2014-15), while payments, including debt repayment, totalled £1,515M (£1,582M in 2014-15), resulting in an overall increase in cash balances of £3M. Cash balances available for investment have therefore increased from £174M at 1st April 2015 to £177M at the 31st March 2016. The average level of cash balances in 2015-16 was £211M (£255M in 2014-15).



3.2.4 Of the 450 bank accounts administered by the County Council, only 3 are principal accounts (one for income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all 450 accounts by aggregating and investing surplus cash balances on a daily basis.

3.2.5 A key objective of cash flow management is to minimise balances held in the Council's 450 bank accounts to within a cumulative average of plus/minus £0.025M across all accounts, thereby maximising cash balances for investment. For the period 1st April 2015 to 31st March 2016 the average daily cash balance after adjustments was £0.020M in-hand (including schools).

3.2.6 All cash balances are managed internally and invested in accordance with the Council's approved investment strategy. The Council works closely with its external Treasury Advisors to determine the credit rating criteria for 'high' credit rated institutions supplemented by other financial market information and intelligence.

3.2.7 Investment decisions are largely driven by the timing of projected cash in-flows and out-flows, the availability of high quality counterparties and the relative value of interest rates compared to the performance benchmark.

3.2.8 An investment profile as at the 31st March 2016 is attached at TM Annex A.

3.2.9 The average interest rate earned in 2015-16 was 0.77% (0.74% in 2014-15), compared with the average 7 day London Interbank Bid (LIBID) rate of 0.361%. The table below provides a month by month and a cumulative comparison against the 7 day LIBID benchmark. A comparison against other deposit benchmarks can be made using the table at para. 3.1.1 above.

2015/16	Interest for Month (%)	LIBID for Month (%)	Interest Year to Date (%)	LIBID Year to Date (%)
Apr 15	0.74	0.36	0.74	0.36
May 15	0.72	0.36	0.73	0.36
Jun 15	0.74	0.36	0.73	0.36
Jul 15	0.72	0.36	0.73	0.36
Aug 15	0.74	0.36	0.73	0.36
Sep 15	0.74	0.36	0.73	0.36
Oct 15	0.75	0.36	0.74	0.36
Nov 15	0.76	0.36	0.74	0.36
Dec 15	0.82	0.36	0.75	0.36
Jan 16	0.84	0.36	0.76	0.36
Feb 16	0.80	0.36	0.76	0.36
Mar 16	0.86	0.36	0.77	0.36

3.2.10 Gross interest earned for the period 1st April 2015 to 31st March 2016 is £1.622M (£1.892M in 2014-15). Net interest earned, after adjusting for internal interest bearing accounts, is £1.274M (£1.492M in 2014-15).

3.2.11 A year on year comparison of investment activity is summarised below. Gross Interest Earned has decreased by £0.270M, largely the result of the reduction in the level of cash balances (average cash balances having reduced from £255M in 2014-15 to £211M in 2015-16). The interest rate achieved in 2015-16 of 0.77% exceeds the average LIBID 6 month deposit rate of 0.609% (see table 3.1.1 above) and this has been achieved while still maintaining daily cashflow liquidity.

	2014-15	**2015-16**
Average Cash Balances	£255M	£211M
Interest Rate (including prior year fixed deposits)	0.74%	0.77%
Gross Interest Earned	£1.892M	£1.274M

3.3 Borrowing Interest Rates

3.3.1 The table below presents Public Works Loans Board (PWLB) borrowing rates from 2015-16 across a selection of maturity periods.

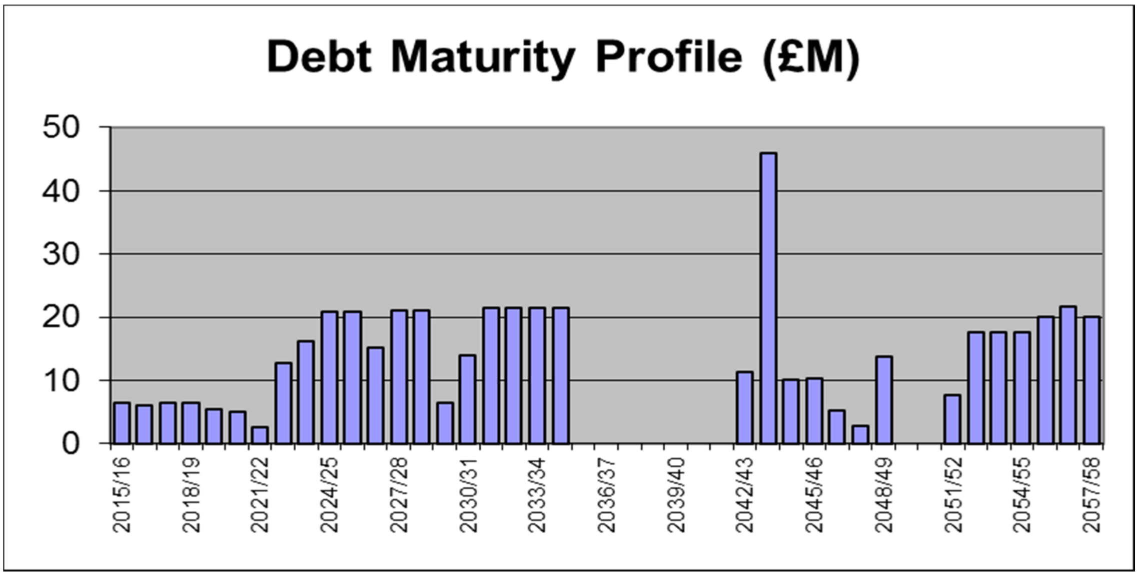
PWLB borrowing rates for 2015-16					
	1 Year (%)	**5 Year (%)**	**10 Year (%)**	**25 Year (%)**	**50 Year (%)**
1st April 15	1.13	1.90	2.49	3.15	3.11
31st Mar 16	1.13	1.61	2.28	3.11	2.92
High	1.35	2.35	3.06	3.66	3.58
Low	1.01	1.47	2.10	2.98	2.81
Average	**1.21**	**2.00**	**2.65**	**3.35**	**3.22**

3.4 Long Term Borrowing & Debt Management Activity

3.4.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the Council's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising cash resources on a temporary basis within the County Council.

3.4.2 In accordance with the approved 2015-16 Investment and Treasury Strategy, the County Council has postponed any new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. "Cost of carry" is the difference between interest paid and interest earned on borrowed monies while temporarily held as cash balances until used to fund capital expenditure. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk. By avoiding the "cost of carrying" debt the County Council is currently saving over £4M pa (assuming a net interest rate differential of 2.5%).

3.4.3 At the 31st March 2016, the Council's external borrowing (debt outstanding) totalled £488M (£494M at 31st March 2015). The average life of the Council's debt is 34 years.



3.4.4 Interest paid on external borrowings in 2015-16 was £26M. The average rate of interest was 5.25%.

3.4.5 The debt position at the 31st March 2016 compared to the previous year is shown below:

Actual Borrowing Position	31st March 2015		31st March 2016	
	Principal £M	Rate%	Principle £M	Rate%
Fixed Interest Debt	£452M	5.29%	£445M	5.28%
Variable Interest Debt	£42M	4.75%	£43M	4.75%
Total Debt	**£494M**	**5.25%**	**£488M**	**5.25%**

3.4.6 TM Annex B shows debt maturities during the last 3 years, including the amount of debt repaid, the rate of interest and interest savings.

3.4.7 The County Council maintained its total gross borrowing level within its Authorised Limit of £732M during 2015-16. The Authorised Limit being the 'affordable borrowing limit' required by section 3 of the Local Government Act 2003.

3.4.8 The PWLB provides a facility to restructure debt, including early repayment of loans. This can result in net savings in overall interest charges. No early repayments were made in 2015-16 as the current low level of PWLB rates would result in ‘premiums’ being payable. Prevailing PWLB interest rates will be monitored in order to identify future repayment opportunities.

4. Leasing

4.1 In 2015-16 leasing facilities totalling £3.2M were arranged by Capita Asset Services Ltd. Leased assets included Fire and Highways vehicles and a variety of vehicles for Norse Commercial Services under a subleasing arrangement.

Outstanding Deposit Profile @ 31st March 2016

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
HSBC Bank Group				
HSBC Call Account	Instant Liquidity		0.50*	51.919
				51.919
Lloyds Banking Group				
Lloyds TSB	07-Apr-15	05-Apr-16	1.00	5
Lloyds TSB	13-Apr-15	11-Apr-16	1.00	5
Lloyds TSB	14-Apr-15	12-Apr-16	1.00	25
Lloyds TSB	08-May-15	06-May-16	1.00	5
Lloyds TSB	15-May-15	13-May-16	1.00	25
Lloyds TSB	05-Jun-15	03-Jun-16	1.00	5
Lloyds TSB	07-Jul-15	05-Jul-16	1.00	10
				80
Santander UK				
Santander UK 95 Day Notice		22-Apr-16	0.90	10
Santander UK 180 Day Notice	Not yet called		1.15	10
Santander UK 365 Day Notice	Not yet called		1.30	25
				45
Total Deposits				**176.919**

* Latest rates as at 31st March 2016

In addition deposits of £25.219m were held on behalf of other bodies:

Office of the Police and Crime Commissioner for Norfolk, Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd and Independence Matters.

Debt Maturities 2013/14 to 2015/16			
Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
11/04/2013	£2,000,000	4.625%	£92,500
15/06/2013	£1,000,000	4.750%	£47,500
30/09/2013	£1,000,000	4.750%	£47,500
11/10/2013	£2,000,000	4.625%	£92,500
15/12/2013	£1,025,000	6.500%	£66,625
31/03/2014	£1,500,000	4.750%	£71,250
2013/14	£8,525,000		£417,875
11/04/2014	£2,000,000	4.625%	£92,500
15/06/2014	£500,000	9.375%	£46,875
15/06/2014	£1,500,000	4.750%	£71,250
30/09/2014	£1,000,000	5.000%	£50,000
11/10/2014	£1,500,000	4.625%	£69,375
15/12/2014	£500,000	9.500%	£47,500
15/12/2014	£1,500,000	4.750%	£71,250
31/03/2015	£500,000	9.375%	£46,875
2014/15	£9,000,000		£495,625
11/04/2015	£1,000,000	4.625%	£46,250
15/06/2015	£500,000	9.375%	£46,875
30/09/2015	£1,500,000	5.000%	£75,000
11/10/2015	£500,000	9.625%	£48,125
11/10/2015	£500,000	4.625%	£23,125
15/12/2015	£500,000	9.500%	£47,500
31/03/2016	£500,000	9.375%	£46,875
31/03/2016	£1,500,000	5.000%	£75,000
2015/16	£6,500,000		£408,750
Apr 13 to Mar 16	**£24,025,000**		**£1,322,250**

Policy and Resources Committee

Item No 17

Report title:	Delivering Financial Savings 2015-16
Date of meeting:	31 May 2016
Responsible Chief Officer:	Simon George – Executive Director of Finance

Strategic impact

This report to Policy and Resources Committee provides details of the outturn position in respect of the delivery of the 2015-16 savings agreed by the County Council at its meeting 16 February 2015.

Executive summary

County Council agreed savings of £36.721m as part of the 2015-16 budget setting process. This report provides details of the outturn position in delivering these savings, in respect of 2015-16.

The report comments on the exceptions to successful delivery, those items rated RED, and critical AMBER items.

Whilst this report identifies a number of shortfalls within individual savings projects, the monitoring report elsewhere on this agenda shows a net underspend outturn of £0.052m for 2015-16. This relates to underspends within other areas of Service Committee budgets, which have helped to offset the non-delivery of savings. This outturn position highlights the need to maintain the focus on the delivery of budgeted savings, the achievement of these saving plans will contribute to minimising any risk in the 2016-17 budget.

This report will be presented to the Policy and Resources Committee at each meeting.

Members are recommended to consider and note:

a) the final total shortfall of £13.676m in 2015-16, which has been addressed through actions taken within service budgets, as detailed in paragraph 2.8 of this report;
b) the budgeted value of 2015-16 savings projects rated as RED of £18.865m, of which £5.023m were delivered;
c) the savings shortfall on AMBER rated projects of £0.204m; and
d) the over-delivery of GREEN and BLUE rated projects totalling £0.370m.

1. Savings Overview

1.1. The County Council, as part of setting its budget for 2015-16, considered proposed net 2015-16 savings of £36.094m, which included a net £0.227m of additional unallocated income compared to the total savings of £36.322m reported to Policy and Resources Committee in January. The County Council's decisions amended the proposed savings total in three ways:

	2015-16 £m
Total savings proposed to County Council (net)	-36.094
1. The deletion of Adult Services transport savings	+0.100
2. The addition of efficiency savings, held in P&R	-0.500
3. The removal of the unallocated additional funding	-0.227
Revised net total	**-36.721**

1.2. The additional efficiency saving of £0.500m for 2015-16, is being used to support the adult social care budget. Following the 20 July meeting of this committee this saving has been achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

Committee	**Inflation adjustment £m**
Adults	0.019
Children's Services	0.079
EDT	0.145
Communities	0.095
Policy and Resources	0.161
	0.500

1.3. The virement to reflect this has been actioned in period 6 (September 2015).

1.4. The agreed net savings of £36.721m in 2015-16 (gross saving £51.361m), include one-off items and use of reserves totalling £6.756m as set out in Annex 1. The detailed categorisation of the total savings, and the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the budget process, are also shown in Annex 1.

2. RAG Ratings

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

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

2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Annex 3. The decision to rate a project as RED, will be one arrived at by the Finance community, in consultation with departments. This will ensure a common standard is maintained in the monitoring.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Annex 3 have been applied. A number of new 2015-16 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as decisions to reduce grant payments.

2.4. Ten savings projects have been rated as RED, representing a budgeted total saving of £18.865m. Only £5.023m of this saving has been delivered as set out in the following table. This represents a shortfall of £13.842m, which relates to RED rated projects.

2.5. AMBER rated projects include a shortfall of £0.204m. In addition, there is an over achievement of £0.304m in relation to GREEN rated projects, and £0.066m in relation to BLUE rated projects. This results in a total shortfall of £13.676m, an increase in the shortfall of £0.069m when compared to the previously reported position.

2.6. Alternative plans were identified within the Policy & Resources budgets in respect of budgeted savings totalling £1.514m, which were therefore classified as YELLOW. These savings have been met through use of reserves within HR and the Corporate Programme Office, shared services with Public Health and alternative savings within ICT budgets, and the planned savings will be delivered in future years. Alternative savings totalling £0.167m have been identified within EDT budgets to replace the nondeliverable saving from reduced opening hours at some recycling sites, which was previously rated as RED. The alternative saving fully covered the shortfall.

Table 1: 2015-16 Savings by RAG Status

						Latest Forecast Savings 2015-16 (c) analysed by Committee				
RAG Status	**Budgeted Value of Savings 2015-16 (a)**	**Previous Forecast Savings 2015-16 (b)**	**Savings Outturn 2015-16 (c)**	**Savings Shortfall 2015-16 (a)-(c)**		**Children's Services**	**Adults**	**EDT**	**Communities**	**Policy & Resources**
	£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Red	-18.865	-5.051	-5.023	-13.842		-1.936	-2.887	0.000	-0.200	0.000
Amber	-3.175	-3.086	-2.971	-0.204		-0.286	-0.150	-1.900	-0.235	-0.400
Green	-9.502	-9.722	-9.806	0.304		-1.291	-3.155	-1.881	-0.969	-2.510
Blue	-18.138	-18.214	-18.204	0.066		-0.885	-3.175	-1.655	-0.655	-11.833
Yellow	-1.681	-1.681	-1.681	0.000		0.000	0.000	-0.167	0.000	-1.514
Gross Savings	-51.361	-37.754	-37.685	-13.676		-4.398	-9.367	-5.603	-2.059	-16.258
Shortfall	**0.000**	**-13.607**	**-13.676**	**n/a**		**-5.960**	**-6.929**	**0.146**	**-0.154**	**-0.779**
Reversal	14.640	14.640	14.640	n/a		2.000	0.000	2.000	0.000	10.640
Total	**-36.721**	**-36.721**	**-36.721**	**n/a**		**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**

2.7. Table 2 below sets out the current categorisation of 2015-18 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £27.988m to be identified for the three years.

2.8. The monitoring report elsewhere on this agenda reports a net underspend outturn of £0.052m for 2015-16. This reflects actions taken within Service budgets to deliver underspends, which are in part offsetting the non-delivery of savings set out in this report. The non-delivery of savings in 2015-16, and a detailed review of the deliverability of 2016-17 savings has been taken into account during the preparation of the 2016-17 Budget. However, there remains a need for Service Committees and Executive Directors to maintain their focus on the effective delivery of the budgeted savings agreed for 2015-16 and 2016-17. Any further achievement of planned savings will help to minimise risks within the 2016-17 Budget.

2.9. Details of the specific actions taken to deliver the shortfall in savings are set out in section 3 of this report, where alternative options were explored. In addition, wider actions taken to deliver savings were as follows:

- **Adult Social Services:** The department set out a plan to manage recovery action early in the financial year to reduce in year spending as far as possible and mitigate the impact of the 2014-15 and the 2015-16 overspend. The actions and progress were reported regularly to Adult Social Care Committee and have helped to reduce the level of overspend in year. These actions included:
    - No new under 65 placements in residential care, as default position
    - Targets for locality teams to reduce the numbers of older people in residential care by 25%
    - Optimise the use of Norsecare block purchased beds
    - To manage our funding flows we will only fund a residential or nursing home placement in each locality when two placements have been released
    - Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan
    - Reinforce our practice on Personal Budgets. These should only be used to meet any unmet eligible social care need. Working on the basis of least spend to deliver the best outcomes
    - Reviewing all care packages which involve two carers, to ensure that use of additional equipment or assistive technology has been considered
    - Completed reviews of packages of care of up to 10 hours per week, to ensure that there are no informal alternatives that could be used
    - Completed reviews of last 100 placements in residential care to make sure that decision making about access to residential care is robust
    - Scrutiny of all personal budgets reviews where the service remains unchanged
    - Weekly Panels to scrutinise proposed overrides of the RAS (Resource Allocation System) funding for indicative Personal Budgets for younger adults
    - Urgent review of the Resource Allocation System (RAS), which sets the size of personal care budgets
    - A freeze on Learning and Development spending, except for statutory training and training on the Care Act
    - Appoint an Interim Head of Learning Disability, who will drive forward improvements in the Learning Disabilities services to reduce expenditure.

- **Children's Services:** The department undertook a number of actions and reviews to reduce net spending in the financial year and into future years, by amongst other things:
    - Continuing to work on creating a sustainable strategy for reducing the cost of transport for Children with Special Educational Needs

- Making greater use – where appropriate – of public transport for Looked After Children and Children with Special Educational Needs
- Reducing legal costs for Looked After Children
- Exploring greater use of Special Guardianship Orders, when in the interests of the children, to both reduce net expenditure and reduce the number of Looked After Children in Norfolk
- Strengthening the Looked After Children placement panel to review operational decisions and associated costs, in particular for the most expensive placements
- Working on the creation of a Social Work Academy and associated Workforce Development Strategy to support the existing University of East Anglia/NIPE work to facilitate recruitment and retention, reduce agency costs, thus aiding business continuity and contributing towards longer-term savings.
- Reviewing all vacancies and maintaining a recruitment freeze with no posts to be recruited to without the Director's approval
- Optimising the use of early years funding and conditional grants
- Reviewing contracts ending within this financial year

A full list of actions and their impact is shown in the Children's Services Integrated Performance and Finance Monitoring Report presented to the Children's Services Committee.

- **Resources:** there is a shortfall of £0.440m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group reported back to the Committee on 30th November, however agreement to implement the charging proposal was not reached and the £0.440m saving was not made in 2015-16. The saving was subsequently removed as part of the 2016-17 budget-setting process.

2.10. The main areas where significant shortfalls in savings emerged are within Children's and Adults budgets. These related principally to delays in implementing new models of service provision (savings references COM034 and COM033), and delays in the reduction in numbers of service users (savings reference CHI001), which will take time to filter through the system. Whilst it is still expected that some of these savings will ultimately be achieved, the timescale for delivery is longer than originally anticipated. The issues relating to the delivery of these savings have been taken into account in the preparation of the 2016-17 budget.

Table 2: Categorisation of Savings 2015-18 (as approved at County Council February 2015)

	2015-16	2016-17	2017-18	Total
Savings	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-4.772	-0.375	0.000	**-5.147**
Org Change - Systems	-4.165	-7.425	0.000	**-11.590**
Capital	-0.614	-0.227	0.000	**-0.841**
Terms & Conditions	-0.265	-0.997	0.000	**-1.262**
Procurement	-4.567	-0.270	-0.035	**-4.872**
Shared Services	-0.190	-0.205	0.000	**-0.395**
Income and Rates of Return	-7.308	-5.362	-2.900	**-15.570**
Assumptions under Risk Review	4.164	5.156	0.000	**9.320**
Back office subtotal	**-17.717**	**-9.705**	**-2.935**	**-30.357**
Reducing Standards, including eligibility	-2.893	-3.033	-0.800	**-6.726**
Ceasing Service	-2.435	-3.090	0.000	**-5.525**
Front line subtotal	**-5.328**	**-6.123**	**-0.800**	**-12.251**
Shortfall	-13.676	-12.212	-2.100	**-27.988**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

2.11. The breakdown of savings by Committee, for 2015-16 is shown in Table 3 below. The position for all three years is set out at Annex 2.

2.12. Work was undertaken during the year in order to validate the savings for 2016-17 agreed as part of the 2015-16 budget process. This identified a number of savings at risk of non-delivery. Those savings which it was considered could not be achieved have been addressed as part of the 2016-17 budget and were detailed in the Revenue Budget report presented to the County Council in February.

2.13. A definition of savings categories is provided in Annex 4.

Table 3: Savings by Committee 2015-16

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.069	-0.119	-0.262	-0.338	-2.378	**-4.165**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.206	-1.904	-0.095	-1.362	**-4.567**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-2.099	0.170	-0.502	0.000	**-2.893**
4b Stop doing things	0.000	-2.138	-0.147	-0.150	0.000	**-2.435**
4c Change assumptions	-0.466	-3.156	0.000	0.000	7.786	**4.164**
Shortfall	-5.960	-6.929	0.146	-0.154	-0.779	**-13.676**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**

3. Commentary on savings rated RED

3.1. At the end of the financial year, ten savings were rated as RED to reflect a significant shortfall in the saving being delivered, and a savings shortfall of £13.842m within RED rated projects was identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. COM018 – Review Care Arranging Service – shortfall **£0.140m**: This proposal predated the introduction of the Care Act which gives the council increased responsibilities for arranging care for people who fund their own care. There were in fact additional workload responsibilities for this team and this saving has been absorbed within 2015-16. The saving has been removed from the 2016-17 budget.

3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – shortfall **£0.200m**: The tenders for the re-procurement of home care services in West Norfolk and in the East were awarded and while the sourcing strategy secured the cost of services, the implementation of the National Minimum Wage and continued fragility of the homecare market meant that the market was not able to deliver savings within these contracts. The Great Yarmouth and Waveney tender was run jointly with Suffolk County Council to deliver a more integrated service. However this resulted in a delay in the original procurement timetable. Whilst providing benefits in the way that contracts are managed, and ensuring the integration of health funded services, the full benefits of this exercise will not be seen across the system until full implementation and embedding of the new service. The saving was absorbed in 2015-16 and is removed from 2016-17 budget.

3.1.3. COM042 – Review of Norse Care agreement for the provision of residential – shortfall **£1.000m**: Based on the contractual requirements and the company's current strategic plan, budgeted savings were not able to be achieved in 2015-16. The Bowthorpe development will achieve savings to the Council as the transition of people from all the affected residential care homes takes place. The company has delivered a rebate to the Council of £0.570m in 2015-16, which was included in original budget plans.

3.1.4. GET010 – Renegotiate contracts with residential providers, to include a day care service – shortfall **£0.100m**: Following further examination it was concluded that these savings would not be achieved. Residential providers will increase their prices if they have to provide day services. The saving was absorbed in 2015-16 and compensating savings were being sought, in particular through a new model of care to meet the needs of people with Learning Disability.

3.1.5. COM034 – Care for Learning Disabilities or Physical Disabilities – shortfall **£1.251m**: The saving involves three elements: (i) reviewing contractual arrangements to achieve procurement savings; (ii) finding more cost effective ways for providers to support existing packages; and (iii) planning for the future to have more cost effective options in place. To achieve these savings the service is re-assessing the needs of existing service users with a view, where appropriate, to providing alternative and more cost effective accommodation, or means of supporting them in their current accommodation. While the total saving will be achieved over time, this project does have a longer lead in time. £0.127m of the £0.749m identified savings includes the full year effect of some savings identified late in 2014-15. During the year £0.700m was used to mitigate the risks of achieving this saving in 2015-16 and this was reflected in the previous forecast. Some of the 2015-16 savings are part year and will be achieved in full in 2016-17.

3.1.6. ASC002 – Redesign Adult Social Care pathway – shortfall **£0.395m**: This saving was about using data and information better to manage voids in Supported Living. Initially this was linked to the sprint and development of the i-Hub but the work done manually to improve data quality and processes alongside the sprint has delivered significant benefits, and this was incorporated into the wider work on Changing Models of Care. The original saving could not be delivered and this was reflected in the budget planning for 2016-17.

3.1.7. COM033 – Reduce funding for Wellbeing Activities – shortfall **£3.862m**: The time lag in implementing the change for existing service users, which was agreed following the consultation exercise, along with pressure on the reviewing capacity in the teams means the full £6.000m saving could not be achieved in 2015-16. Additional reviewing capacity was brought in to speed up this process, and the service is seeing the impact of the savings that will have been part year in 2015-16 and will be delivered in full in 2016-17. Positively, the service has managed increased activity whilst seeing a reduction in the overspend on purchase of care. The changed practices and significant locality management focus on this issue are therefore improving the department's ability to deliver service within budget, but this continues to be a significant risk for 2016-17.

Communities

3.1.8. CMM007 – Income Generation – shortfall **£0.250m**: The saving for income generation (external hire replacement, fire testing, highways clearance, grants from Europe) under the Communities Committee is highlighted as RED. It became apparent that a number of the original proposals were overtaken by parallel schemes being pursued within the new Corporate Property Team. £0.200m of the £0.450m target was delivered. Options to deliver the balance of the saving are being explored as part of the CES Transformation Programme and through a review of external venue hire spend.

Children's

3.1.9. CHI001 – 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 – shortfall **£6.204m**: The number of Looked After Children and the cost of agency placements related to placement mix is not reducing as quickly as originally planned and only £1.936m of the £8.140m saving was delivered. The delivery of this saving has been partly addressed in the 2016-17 budget process with the removal of part of the savings target.

Policy and Resources

3.1.10. GET015 – Reducing the costs on employment - shortfall **£0.440m**: The Council agreed savings of £0.440m from reducing the cost of employment. Following discussion of a proposal relating to staff car parking by this Committee on 1 September, a member working group was established to determine how this saving could be achieved. Further discussion on the saving took place at the 30 November Committee, however the saving has not been achieved in 2015-16, and has been removed as part of the 2016-17 budget-setting process.

4. Commentary on savings rated AMBER

4.1. At year end, two savings rated as AMBER show a shortfall of £0.204m. Commentary on these AMBER rated savings is provided below.

Children's

4.1.1. CHI017 – Review senior management and commissioning structures – shortfall **£0.075m**: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving was delivered in the year. The in-year shortfall was managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

4.1.2. CHL008 – Savings in management costs in Children's Services – shortfall **£0.129m**: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving was delivered in the year. The in-year shortfall was managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

5. Summary

5.1. The final outturn position indicates that shortfalls totalling £5.960m, £6.929m, £0.154m and £0.779m have been identified within the Children's, Adults, Communities, and P&R budgets respectively in 2015-16.

5.2. Actions taken by services in-year, as set out in this report, have resulted in offsetting savings and underspends, and enabled the delivery of a small net underspend of £0.052m in the overall revenue budget for 2015-16.

5.3. The non-delivery of 2015-16 savings identified in this report relates to both fully undeliverable savings and savings which can be achieved, but which are subject to a delay in their delivery or implementation. These have been taken into account and actions to address the overall delivery of 2015-16 savings were taken where appropriate as part of the 2016-17 budget-setting process. Service Committees maintaining a strong focus on the delivery of savings in 2016-17 remains critical to supporting the achievement of the Council's budget plans in both current and future years.

Background Papers

County Council Budget 2016-17 to 2019-20: Revenue Budget 2016-17 (Item 4a, Annexe 5, County Council 22 February 2016)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

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Annex 1

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

One-off savings 2015-18 budget round

	2015-16	2016-17	2017-18
	£m	£m	£m
One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156	0.000
Use of ETD earmarked reserves	-0.500	0.500	0.000
Subtotal use of earmarked reserves	**-3.656**	**3.656**	**0.000**
One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	-0.100	0.000	0.100
County Farms funding (one-off)	-2.000	2.000	0.000
Insurance	-1.000	1.000	0.000
Subtotal one-off items	**-3.100**	**3.000**	**0.100**
Total use of reserves and one-off items	**-6.756**	**6.656**	**0.100**

Categorisation of Budget Savings 2015-18 budget round

	2015-16	2016-17	2017-18	Total
Savings	£m	£m	£m	£m
Org Change - Staffing	-4.976	-0.528	0.000	**-5.504**
Org Change - Systems	-10.800	-13.753	0.000	**-24.553**
Capital	-0.614	-0.727	0.000	**-1.341**
Terms & Conditions	-0.705	-1.102	0.000	**-1.807**
Procurement	-5.667	-1.020	-0.135	**-6.822**
Shared Services	-0.190	-0.205	-2.000	**-2.395**
Income and Rates of Return	-7.558	-6.046	-2.900	**-16.504**
Assumptions under Risk Review	4.230	5.156	0.000	**9.386**
Back office subtotal	**-26.280**	**-18.225**	**-5.035**	**-49.540**
Reducing Standards, including eligibility	-4.144	-6.725	-0.800	**-11.669**
Ceasing Service	-6.297	-3.090	0.000	**-9.387**
Front line subtotal	**-10.441**	**-9.815**	**-0.800**	**-21.056**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

Annex 2

Savings by Committee 2015-18 budget round

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.069	-0.119	-0.262	-0.338	-2.378	**-4.165**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.206	-1.904	-0.095	-1.362	**-4.567**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-2.099	0.170	-0.502	0.000	**-2.893**
4b Stop doing things	0.000	-2.138	-0.147	-0.150	0.000	**-2.435**
4c Change assumptions	-0.466	-3.156	0.000	0.000	7.786	**4.164**
Shortfall	-5.960	-6.929	0.146	-0.154	-0.779	**-13.676**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**
Savings 2016-17						
1a Organisation	0.000	0.000	0.000	-0.052	-0.323	**-0.375**
1b Lean	-5.081	0.000	-0.905	-0.515	-0.924	**-7.425**
1c Capital	-0.500	0.000	0.500	-0.227	0.000	**-0.227**
1d Terms & Conditions	-0.000	-0.090	-0.031	0.000	-0.876	**-0.997**
2a Procurement	0.000	-0.750	-0.350	0.000	0.830	**-0.270**
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	**-0.205**
3a Income and Rates of Return	0.000	0.000	-0.595	-0.105	-4.662	**-5.362**
4a Change standards	-0.400	-2.550	0.000	0.000	-0.083	**-3.033**
4b Stop doing things	0.000	-3.000	-0.090	0.000	0.000	**-3.090**
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	**5.156**
Shortfall	-5.920	-4.300	-0.280	-0.925	-0.787	**-12.212**
Total	**-11.901**	**-7.534**	**-1.756**	**-2.024**	**-4.825**	**-28.040**
Savings 2017-18						
1a Organisation	0.000	0.000	0.000	0.000	0.000	**0.000**
1b Lean	0.000	0.000	0.000	0.000	0.000	**0.000**
1c Capital	0.000	0.000	0.000	0.000	0.000	**0.000**
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	**0.000**
2a Procurement	0.000	0.000	0.000	0.000	-0.035	**-0.035**
2b Shared Services	0.000	0.000	0.000	0.000	0.000	**0.000**

3a Income and Rates of Return	0.000	0.000	0.000	0.100	-3.000	**-2.900**
4a Change standards	0.000	-0.800	0.000	0.000	0.000	**-0.800**
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	**0.000**
4c Change assumptions	0.000	0.000	0.000	0.000	0.000	**0.000**
Shortfall	0.000	0.000	0.000	0.000	2.100	**2.100**
Total	**0.000**	**-0.800**	**0.000**	**0.100**	**-5.135**	**-5.835**

2015-16 Savings and RAG Status Detail (2015-18 budget round)

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Adult Social Care Committee							
		1a Digital Transformation, BWOW. Organisation					
14	COM031	Further Savings from PCSS (Personal Community Support Service)	-0.250			-0.250	Green
		1b Digital Transformation, BWOW. Lean					
14	COM018	Review Care Arranging Service	-0.140			0.000	Red
30	COM026	Change the type of social care support that people receive to help them live at home	-0.200			0.000	Red
06	COM028	Electronic Monitoring of Home Care providers		-0.500		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the cost of business travel	-0.099	-0.090		-0.099	Green
		2a Procurement, Commissioning. Procurement					
06	COM027	Review block home care contracts	-0.100			-0.100	Green
06	COM042	Review of Norse Care agreement for the provision of residential care	-1.000	-1.500		0.000	Red
04	GET010	Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least transport to another day service	-0.100			0.000	Red
04	GET011	Renegotiate the Norse bulk recharge	-0.106			-0.106	Green
		2b Procurement, Commissioning. Shared Services					
18	COM023	Integrated occupational therapist posts with Health	-0.100			-0.100	Green
18	COM024	Assistant grade posts working across both health and social care	-0.050			-0.050	Green
		3a Income generation, Trading. Sweat the assets					
20	COM019	Trading Assessment and Care Management support for people who fund their own care		-0.050		0.000	NA
08	COM025	Decommission offices, consolidate business support	-0.150			-0.150	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4a Demand Management. Change Standards					
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities.	-2.000	-3.000		-0.749	Red
35	COM038	Scale back housing-related services and focus on the most vulnerable people	-1.200			-1.200	Green
36	COM040	Reduce the number of Adult Care service users we provide transport for	-0.150	-0.150		-0.150	Amber
		4b Demand Management. Stop Doing Things					
31	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-6.000	-3.000		-2.138	Red
		Sub-total Savings from 2014-17 Budget Round	**-11.645**	**-8.290**	**0.000**	**-5.092**	
		1b Digital Transformation, BWOW. Lean					
1a	ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100			-0.100	Green
3c	ASC002	Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies.	-0.395	-1.500		0.000	Red
NA	P&R045	Inflation claw back across Committees	0.000			-0.019	Blue
		2a Procurement, Commissioning. Procurement					
1b	ASC004	Norse care rebate. The proposal is for the rebate to be allocated to the Adult Social Care revenue budget on an ongoing basis, rather than to the Adult Social Care Residential Care Reserve as previously.	-1.000			-1.000	Green
		4a Demand Management. Change Standards					
5a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council		-0.900	-0.800	0.000	NA
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
NA	ASC005	One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156		-3.156	Blue
		Sub-total new savings	**-4.651**	**0.756**	**-0.800**	**-4.275**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-6.929	
		Total Savings	**-16.296**	**-7.534**	**-0.800**	**-16.296**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Children's Committee							
		1a Digital Transformation, BWOW. Organisation					
08, 3a	CHI017, CHL001	Review senior management and commissioning structures	-0.180	0.000		-0.105	Amber
		1b Digital Transformation, BWOW. Lean					
21	CHI001-004	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	-8.140	-8.484		-1.936	Red
21	CHI001-004b	Children's Services Review - use of one off reserves to delay savings to 2015-16	2.000			2.000	Blue
		1c Digital Transformation, BWOW. Capital					
26	CHI012	Reduce the cost of transport for children with Special Educational Needs		-1.000		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the costs of business travel	-0.115	-0.105		-0.115	Green
		4a Demand Management. Change Standards					
22	CHI005	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill		-1.912		0.000	NA
24	CHI010	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	-0.215			-0.215	Green
28	CHI014	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		0.000	NA
29	CHI015	Reduce funding for school crossing patrols	-0.150	-0.150		-0.150	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4c Demand Management. Change Assumptions					
12, NA	CHI018, CHL003	Reduced retirement costs for teachers	-0.400	0.000		-0.466	Blue
		Sub-total Savings from 2014-17 Budget Round	**-7.200**	**-11.901**	**0.000**	**-0.987**	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.181	Amber
		1b Digital Transformation, BWOW. Lean					
3e	CHL004	Continued use of public transport within Looked After Children service	-0.190			-0.190	Blue
3e	CHL006	Reducing legal costs for Looked After Children	-0.430			-0.734	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.079	Blue
		4a Demand Management. Change Standards					
4b	CHL005	Reduce subsidy for community use of school premises	-0.097			-0.097	Green
		Sub-total newly identified Savings	**-1.157**	**0.000**	**0.000**	**-1.411**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.960	
		Total Savings	**-8.357**	**-11.901**	**0.000**	**-8.357**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Communities Committee							
		1a Digital Transformation, Better Ways Of Working: Organisation					
08	RES79	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.009	-0.042		-0.009	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
NA		Reduced cost of ICT refresh		-0.100		0.000	NA
15	RES82	Efficiency savings arising from utilising public health skills and resources to remove duplication		-1.275		0.000	NA
		1c Digital Transformation, Better Ways Of Working: Capital					
55	FR001	Purchase different, cost effective fire vehicles for some stations	-0.074	-0.227		-0.074	Green
		2b Procurement, Commissioning. Shared Services					
16	ETD09	Enhanced multi-agency working on emergency planning	-0.040			-0.040	Amber
20	ETD24	Changes to the delivery of road safety education and evaluation to make greater use of community resources		-0.200		0.000	NA
		3a Income generation, Trading. Sweat the assets					
20	COM08	Museums - Gift Aid and Cultural Exemptions	-0.354			-0.354	Green
20	COM15	Norfolk Record Office - Increased income generation	-0.020	-0.010		-0.020	Green
48	ETD02	Charge for advice to business from our Trading Standards Service		-0.020		0.000	NA
20	RES39	Increase charges for Registration Services	-0.050	-0.050		-0.050	Green
58	RES42	Move the historical registration records to the Norfolk Record Office	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
47	ETD01	Scale back Trading Standards advice to focus on the things we have to do by law	-0.250			-0.250	Blue
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Sub-total Savings from 2014-17 Budget Round	**-0.847**	**-1.924**	**0.000**	**-0.847**	
		1a Digital Transformation, Better Ways Of Working: Organisation					
2a, 2b, 2d	CMM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.078	-0.010		-0.078	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
1c	CMM009	Reduction in Library Management System costs	-0.012			-0.012	Green
3b	P&R011	Review mail operations	-0.060	-0.065		-0.060	Green
3d	P&R010	Reduced consultation budget	-0.020			-0.020	Blue
NA	CMM012	Customer Services additional savings	-0.100			-0.100	Green
NA	CMM011	Library vacancy management additional savings	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.095	Blue
		2a Procurement, Commissioning. Procurement					
1a	CMM010	Fire & Rescue Service savings generated through Priority Based Budgeting exercise - focussed on procurement efficiencies and asset management	-0.095			-0.095	Amber
		3a Income generation, Trading. Sweat the assets					
2c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or it's history	-0.100		0.100	-0.100	Amber
1d	CMM007	Income generation (External hire replacement, fire testing, highways clearance, grants from Europe)	-0.450			-0.200	Red
2a	P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025		0.000	NA
		4a Demand Management. Change Standards					
3g	CMM001	Library staff reductions	-0.080			-0.080	Green
3b	CMM003	Service reviews, management savings in Customer Services	-0.090			-0.090	Blue
3e	CMM005	Reduced spend on ICT and conservation materials for Record Office	-0.032			-0.032	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
1b	CMM008	Reduce Healthwatch budget	-0.050			-0.050	Blue
		4b Demand Management. Stop Doing Things					
4a	CMM006	Arts - reduction of arts services and grants	-0.150			-0.150	Blue
		Sub-total new savings	**-1.367**	**-0.100**	**0.100**	**-1.212**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.154	
		Total savings	**-2.214**	**-2.024**	**0.100**	**-2.214**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Environment Development and Transport Committee							
		1b Digital Transformation, BWOW. Lean					
02	ETD15	Replacement of BusNet system with SMART ticket machines	-0.100			-0.100	Blue
02	ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys		-0.135		0.000	NA
59	GET07	Cut the cost of providing school transport (Allocate more children to public transport contracts)	-0.020	-0.020		-0.020	Green
NA	ETD33	Improving processes and working arrangements in ETD	1.000			1.000	Reversal
		1c Digital Transformation, BWOW. Capital					
59	GET08	Cut the cost of providing school transport (Incentivise entitled pupils to opt out)	-0.040			-0.040	Green
		1d Digital Transformation, BWOW. T&Cs					
04	GET16	Reducing the costs of business travel	-0.034	-0.031		-0.034	Green
		2a Procurement, Commissioning. Procurement					
17	ETD18	Renegotiate concessionary travel schemes with bus operators	-0.350	-0.350		-0.350	Blue
04	ETD23	Reduction in the number of hired highway vehicles	-0.150			-0.150	Blue
		2b Procurement, Commissioning. Shared Services					
16	ETD08	Collaboration with peer authorities for delivery of specialist minerals and waste services		-0.005		0.000	NA
		3a Income generation, Trading. Sweat the assets					
49	ETD04	Charge people for the advice they receive from us prior to submitting a planning application	-0.010			-0.010	Green
52	ETD07	Charge for site inspection reports for operators of mineral and waste sites	-0.005			-0.005	Green
20	ETD10	Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term.	-0.041	-0.072		-0.041	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
20	ETD11	Attract and generate new income for Historic Environment Services with a view to service becoming cost neutral in the long term.	-0.026	-0.046		-0.026	Green
20	ETD12	Full cost recovery for staff in Smart ticketing project	-0.250			-0.250	Green
20	ETD13	Full cost recovery for delivery of travel plans with developers	-0.050	-0.052		-0.050	Green
49	ETD14	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.125	-0.150		-0.125	Amber
20	ETD17	Reduce NCC subsidy for park and ride service by ongoing commercialisation.	-0.075	-0.075		-0.075	Amber
20	ETD25	Increased income from delivery of specialist highway services to third parties	-0.050	-0.100		-0.050	Amber
20	ETD28	Generation of external funding and grant programme management efficiencies		-0.100		0.000	NA
		4a Demand Management. Change Standards					
51	ETD06	Scale back planning enforcement	-0.037			-0.037	Green
53	ETD19	Reduce our subsidy for the Coasthopper bus service	-0.075			-0.075	Green
16	WAS06	Harmonisation of statutory recycling credit payments	-0.166			-0.166	Green
62	WAS09	Charge at some recycling centres		-0.280		0.000	NA
63	WAS10	Reduce opening hours at some recycling centres	-0.167			-0.167	Yellow
54	ETD35	Reduce highway maintenance for one year	1.000			1.000	Reversal
		4b Demand Management. Stop Doing Things					
08	ETD27	Review budget allocations for economic development projects	-0.147	-0.090		-0.147	Green
		Sub-total Savings from 2014-17 Budget Round	**0.082**	**-1.506**	**0.000**	**0.082**	
		1a Digital Transformation, BWOW. Organisation					
NA	EDT001	Management of Vacancies	-0.005			-0.005	Green
		1b Digital Transformation, BWOW. Lean					
3a	EDT002	Review of on call arrangements with Norfolk Fire and Rescue Service	-0.005			-0.005	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
3a	EDT003	Reduce training budget	-0.025			-0.025	Blue
3b	EDT004	Reviewing all of our back office budget and systems to identify savings, e.g. process reviews, without reducing our services	-0.566			-0.566	Amber
3e	EDT005	Introduce LED street lighting	-0.250	-0.750		-0.250	Amber
NA	EDT014	Additional savings Business support	-0.100			-0.100	Green
NA	EDT015	Additional savings LED Street lighting	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.145	Blue
		1c Digital Transformation, BWOW. Capital					
3f	EDT007	Use of reserves	-0.500	0.500		-0.500	Blue
		2a Procurement, Commissioning. Procurement					
1a	EDT008	Retendering of waste disposal contracts	-0.834			-0.834	Amber
1a	EDT009	Re-tendering of transport contracts	-0.370			-0.370	Green
1a	EDT012	Savings from new recycling contract	-0.200			-0.200	Green
		3a Income generation, Trading. Sweat the assets					
2a	EDT010	Highways Income	-0.200			-0.200	Green
3f	EDT011	Norfolk Energy Futures return on Investment	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
NA	EDT013	Reduce highways maintenance	-0.385			-0.385	Blue
		Sub-total newly identified Savings	**-3.540**	**-0.250**	**0.000**	**-3.685**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	0.146	
		Total Savings	**-3.458**	**-1.756**	**0.000**	**-3.458**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Policy and Resources Committee							
		1a Digital Transformation, BWOW. Organisation					
NA		Reduction in redundancy	-2.500			-2.500	Blue
01, 3a	RES10, P&R003	Restructure staff management in Procurement	-0.050	0.000		-0.050	Blue
08	RES62	Reduce staff in the Corporate Programme Office	-0.100			-0.100	Yellow
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Yellow
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.296	Yellow
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Green
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Green
08	RES63	Reduce spend on properties with third parties	-0.200	-0.100		-0.200	Green
08	RES63	Property saving not delivered (2014-15) £0.150m of £0.300m	0.150			0.150	Reversal
09	RES65	Reduce staff supporting organisational development and learning and development	-0.039			-0.039	Blue
10	RES81	Reduce printed marketing materials		-0.054		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET15	Reducing the costs of employment	-0.440	-0.860		0.000	Red
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Blue
		2a Procurement, Commissioning. Procurement					
02	RES02	One-off ICT saving	0.010			0.010	Reversal

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green
08	RES67	Office moves for some HR teams	-0.015			-0.015	Green
NA		County Hall refurbishment savings	-0.279	-0.751		-0.279	Green
NA		Cross cutting savings	0.194			0.194	Reversal
NA		Reduced cost of borrowing	-0.103	-0.825		-0.103	Blue
NA		New Homes Bonus	-0.910	-1.529		-0.910	Blue
NA		Use of second homes money	-1.200	0.000		-1.200	Blue
		4a Demand Management. Change Standards					
01	RES11	Continued efficiencies in tendering and contract management in Procurement		-0.083		0.000	NA
		4c Demand Management. Change Assumptions					
07	RES57	One-off use of the Communication development reserve	0.122			0.122	Reversal
NA		Use of organisational change reserves (one-off)	3.000			3.000	Reversal
NA		Use of organisational changes reserve (one-off)	1.000			1.000	Reversal
NA		Use of Modern Reward Strategy reserve (one-off)	0.547			0.547	Reversal
NA		Use of Icelandic Bank Reserve (one-off)	1.453			1.453	Reversal
NA		Interest receivable/payable - change to risk appetite (one-off)	4.164			4.164	Reversal
		Sub-total Savings from 2014-17 Budget Round	**3.777**	**-4.710**	**0.000**	**4.403**	
		1a Digital Transformation, BWOW. Organisation					
3a	P&R002	Service review Communications	-0.060			-0.060	Green
3b	P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100		0.000	NA
3b	P&R005	Automate more information and performance reports		-0.050		0.000	NA
3a	P&R006	Further savings for review of shared services organisation	-0.100			-0.100	Yellow

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
3a	P&R007	Reduce management hierarchies in Finance	-0.100			-0.100	Blue
3b	P&R008	Staff savings from new committee management system	-0.020			-0.020	Green
NA	P&R043	Additional Resources saving	-0.500			-0.500	Yellow
		1b Digital Transformation, BWOW. Lean					
1c	EDT006	Centralise control of software licences	-0.250			-0.250	Yellow
1c	P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050			-0.050	Yellow
3d	P&R013	Reduce the Chairman's budget	-0.030			-0.030	Blue
3b	P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030	-0.030		-0.030	Green
3f	P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100			-0.100	Green
3b	P&R016	Switch off colour printing for shared services staff	-0.020			-0.020	Yellow
3b	P&R017	Further reductions in printing spend	-0.090			-0.090	Yellow
1c	P&R018	Org Change: Reduced ICT spend through single device convergence		-0.625		0.000	NA
1d	P&R019	Reduce expenditure on external venues	-0.100			-0.100	Amber
3a	P&R020	Reduce number of interims and temps	-0.090			-0.090	Yellow
NA	P&R042	Local Welfare Assistance Scheme saving	-0.725			-0.725	Blue
NA	P&R039	Share of £1.7m additional savings 2015-16 (Resources)	-0.320			-0.320	Blue
NA	P&R037	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085			-0.085	Blue
		Efficiency savings (Finance General) to be redistributed	-0.500			-0.161	Blue
		2a Procurement, Commissioning. Procurement					
1c	P&R021	Pay per use ERP			-0.100	0.000	NA
1c	P&R022	New Multi Functional Devices contract 2016		-0.070		0.000	NA

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1c	P&R023	Optimise car leasing and reduced mileage	-0.300			-0.300	Amber
1c	P&R024	Rationalise applications and centralise all applications spend		-0.100		0.000	NA
1a	P&R025	Corporate Banking project - move to Barclays			-0.035	0.000	NA
NA	P&R038	External Audit Saving	-0.012			-0.012	Blue
NA	P&R041	Insurance (one-off)	-1.000	1.000		-1.000	Blue
3a	P&R001	Rationalise procurement functions across the organisation	-0.060			-0.060	Green
		2b Procurement, Commissioning. Shared Services					
3c	P&R026	Org change: Collaborative working with others (shared services)			-2.000	0.000	NA
		3a Income generation, Trading. Sweat the assets					
3f	P&R033	Interest rate increases	-0.787	-0.990		-0.787	Blue
3f	P&R034	Section 31 Compensation for business rates initiatives	-1.194			-1.194	Blue
1d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000	-1.000	Green
2a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050		0.000	NA
2a	P&R029	Increased income from advertising	-0.050			-0.050	Green
2a	P&R030	Corporate approach to sponsorship & advertising		-0.100		0.000	NA
1b	P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100			-0.100	Blue
		4c Demand Management. Change Assumptions					
NA	P&R044	County Farms funding (one-off)	-2.000	2.000		-2.000	Blue
		County Farms funding (recurring)	-0.500			-0.500	Blue
		Sub-total newly identified Savings	**-10.173**	**-0.115**	**-5.135**	**-9.744**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.779	
		Total Savings	**-6.396**	**-4.825**	**-5.135**	**-6.396**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Grand Total Savings	**-36.721**	**-28.040**	**-5.835**	**-36.721**	

Annex 4

Definition of Savings Categories

1a	Org Change - Staffing	Savings achieved through the restructuring of staff. E.g. a management restructure.
1b	Org Change - Systems	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.
1c	Capital	Savings achieved through better use of the assets we have at our disposal. E.g. use of more cost effective fire vehicles.
1d	Terms & Conditions	Savings achieved through review of staff terms & conditions.
2a	Procurement	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Shared Services	Savings achieved through sharing services with other organisations
3a	Income and Rates of Return	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Reducing Standards, including eligibility	Savings which result in a reduced service for customers.
4b	Cease Service	Savings from the ceasing of a service.
4c	Assumptions under Risk Review	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Glossary and terminology

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage.
This is a quick guide to some of the more important terms that we use in Norfolk County Council.

CIPFA	Charted Institute of Public Finance & Accountancy. The organisation sets out best practice for financial accounting in public bodies, including the categorisation of *income & expenditure*.

Cost centres & subjective analysis	All expenditure and income is allocated both a cost centre code and a subjective code. *Cost Centre*: A cost centre is an area of the budget to which income and expenditure can be attributed, and generally relates to a service area. *Subjective code*: Subjective codes describe types of spend, and are common across the authority. For example when Aylsham Library buys paper for its photocopier, it is recorded in the accounting system first by the library's unique *cost centr*e - LL4800, then by *subjective code* 46500 - 'Printing, stationery and photocopying'.
Council Tax	Council Tax is a key source of locally raised income for the County Council. It helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants and fees and charges. For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.
Earmarked reserves	Earmarked reserves are money held by the Council in reserve for specified reasons. Some reserves can only be used for specific purposes, usually following the receipt of conditional grants which have to be re-paid if not spent for the intended purpose. However, this does not apply to the majority of the council's earmarked reserves.
Finance General	The area of the budget that is not directly attributable to a specific department; covering such expenditure as pension fund losses, capital financing costs, and audit fees. It also includes income such as general government grants, business rates income, and interest from investments.
Financial Years	The Council's financial year runs from April to March. Prior to the start of each financial year, the Council produces a balanced budget as part of a three year medium term financial strategy. During the year, monthly monitoring reports showing forecast outcomes for each service are presented to the Council's Policy and Resources Committee. At the end of the financial year, closing accounting adjustments are made, and Statutory financial statements are produced, audited, and published in September.
General balances	The general balance is money held in reserve by the Council that is not allocated to any specific purpose, i.e. is not part of *earmarked reserves*. The minimum level of general reserves required by the authority to meet unforeseen contingencies is calculated each year, and the balance set aside accordingly.
Medium Term Financial Strategy (MTFS)	The Medium Term Financial Strategy covers three years 2015-18 and brings together all of the elements that are considered as part of the robust planning process. The latest MTFS was presented to County Council in February 2015, and included revenue and capital budgets and estimates covering three financial years.

Monitoring and forecasting

The Council's finance systems work on monthly cycles. At the end of each month, responsible budget officers throughout the authority are asked to monitor their budgets and provide a forecast showing whether they are likely to over or under-spend against their budget during the year as a whole.
The sum of this information is then considered by senior management, and the resulting net position for each service is summarised in this report.

National non-domestic rates (NNDR)

The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government.
Since April 2013, Councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.
The business rates retention scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates.

Net & gross

The cumulative total of all planned *revenue* spending for a year is known as the *gross expenditure*. NCC's income comes from a variety of sources - central government grants, customer receipts, locally retained Business Rates (also referred to as National Non Domestic Rates or NNDR). The difference between the income from these sources and the *gross expenditure* is known as *net expenditure*, and is the amount NCC needs to collect in Council Tax each year.

Provisions

A provision is an amount which the authority is likely to have to pay out, but is of uncertain timing and/or amount. The Council's largest provisions relate to insurance and closed land-fill sites. In both cases historic and current data are used to calculate the appropriate provision carried forward each year.

Revenue & capital

Capital and revenue income and expenditure in local government are clearly defined and must be recorded separately. Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as *revenue* expenditure.

One-off spending which results in a new asset, or which improves an asset, is classed as *capital* expenditure. Capital grants may only be spent on capital expenditure. Also, income generated by the sale of any assets is classed as a capital receipt, and if not used to re-pay debt may only be spent for capital purposes. A more extensive definition is given in the separate capital monitoring report

Income from, for example, the sale of services, revenue grants and business rates is classed as *revenue* income and may be spent for revenue or capital purposes.

Policy and Resources Committee

Item No 18

Report title:	**Notifications of Exemptions Under Contract Standing Orders**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Anne Gibson, Executive Director of Resources**

Brief outline of the paper:

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

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

The report sets out the exemptions that have been made since 8th February 2016 under paragraph 9.11 of Contract Standing Orders and that are over £250,000 and therefore need to be notified to the Policy and Resources Committee.

Key decisions/recommendations that Committee need to make:

Recommendations:

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

Supplier	Value, term and ref	Short description of Contract and Reason for Extension	Date seen by the Chairman of Policy and Resources Committee
Home Start	£447,930 – 15 months – 1 January 2016 to	**Home-Start contracts** Homestart schemes in Norwich, Breckland, Great Yarmouth, King's Lynn and Swaffham to	16 February 2016.

	31 March 2017 (EX10-16)	deliver volunteer home visiting. The service provides support and guidance on operating effectively to families who have at least 1 child under age 5.	
OLM CareFirst	£520,000 – 1 April 2016 to 31 March 2018 (EX22-16).	**Support and maintenance of the CareFirst social care software system.** This live system is used by both Adult Social Care and Children's Services and underpins the delivery of social care. The contract was extended to allow for re-procurement of the system. The system could not be re-procured sooner because the level of disruption to children's services would have been unacceptable.	10 March 2016.
Norse Transport	£714,631 – 1 June 2015 to 31 July 2023 (EX73-16).	**Home to School transport (pupils with special educational needs)** This contract provides all transport to John Grant School, Caister on Sea. Since the contract was let additional students have started attending the school requiring the provision of additional capacity to meet the current need.	21 April 2016.
Norfolk Community Health and Care NHS Trust	£357,900 1 October 2016 to 31 March 2017 (EX111-16)	**Stop Smoking Service.** One of the specialist Stop Smoking Service providers for Norfolk. The planned re-procurement was halted owing to the need to re-shape it to deliver greater savings following reductions in public health funding. The contracts have been extended pro tem.	11 April 2016.

Officer Contact

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

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

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IN TRAN communication for all

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Policy and Resources Committee

Item No 19

Report title:	**Asset Management Plan**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Asset Management Plan 2015-2018 (AMP) summarised key objectives and set out the medium term work programme to refocus the asset strategy aimed at;

- Re-aligning property policies and use of assets to more effectively support Council priorities and front line service delivery,
- Helping deliver a Norfolk public service by facilitating integration through co-location and redesign of services,
- Deliver financial efficiencies in the management of property by adopting a "single estate" approach with a coherent and effective client function.
- Generate income from property to help mitigate reductions in grant funding by adopting a stronger commercial approach.

The AMP guides choices about property investments and budget reductions. It sets out priorities in the medium term to support service delivery, facilitate joined up working with partners, help redesign public services and generate efficiencies through sharing space and resources.

Recommendations in this report build on achievements of the past year to continue in the strategic direction to increase contribution of property in transforming Norfolk public services.

Executive summary

This report summarises progress over the past year against the AMP 2015-18 work plan and highlights changes to service requirements as well as other developments in asset management that have implications for property priorities going forward.

Recommendations:

1. **Policy & Resources Committee is asked to approve the priority areas outlined in paragraph 7 to form the basis of the new AMP Work Plan 2016-19.**
2. **Policy & Resources Committee instructs the Head of Property to prepare and publish a new AMP document for 2016-19 incorporating the updated context, priorities and work plan.**

1.0 Introduction

1.1 This report summarises progress in implementing the Asset Management Plan adopted in June 2015 and provides an update on changing service strategies as well as identifying opportunities to exploit the property resource to support council priorities and service delivery. Based on this analysis and assessment of the latest property performance report a new work plan is proposed for consideration by P&R.

1.2 Following approval by P&R the current AMP document will be refreshed to incorporate changes and the new work plan to roll forward the AMP 2016-19 which will be published soon after.

2.0 Background

2.1 The County Council Plan 2016-2019 outlines the council's agreed priorities and plans over the medium term and Re-imagining Norfolk sets the strategic direction for improving public services across the county.

2.2 Reimagining Norfolk identified property as one of the key themes to facilitate improvement and is a key driver for improving the Council's property through a collaborative, innovative and commercial approach. The vision is that the County Council will have fewer buildings and will make better use of the buildings that are retained

2.3 The Asset Management Plan 2015-18 plan recognised that tackling the financial and service delivery challenges facing the public sector will not be achieved by the Council working alone. Furthermore the One Public Estate (OPE) programme is aimed at maximising the use of the public sector assets, supporting service re-design and looking for opportunities to co-locate services and reduce the number of buildings occupied in each locality.

2.3 The direction of travel is therefore clear, cost of property will be reduced through disposal of NCC property, increased utilisation of the retained estate and increased multi-partner working from shared physical assets.

2.4 The County Council is also committed to working differently with communities, enabling communities and working locally.

2.5 As part of this NCC will review the benefits of locating front line service teams in localities and intensifying the use of County Hall. This will increase the collaboration and joint working with our practice and voluntary service partners, moving towards more joint arrangements including shared buildings.

2.6 NCC is also pursuing commercialisation of the Asset Portfolio, raising revenue from surplus space, generating revenue and capital from the direct development of NCC assets.

3.0 Review of AMP Work Plan 2015/16

The work plan within AMP 2015-18 focussed on the following main outcomes;

1. **Property Savings Plan** – with a target of over £7 million revenue budget reductions in net property expenditure over three years the priority was to implement a comprehensive Property Savings Plan. In addition to reducing the number of offices (through consolidation into County Hall, Priory House and Havenbridge House) the priority in the first year was on reducing premises running costs of buildings to be retained (maintenance, facilities management, utilities) and reductions in property management costs, through implementation of the corporate client function.

   During 2015/16 property savings of around £2 million have been achieved. The Property Savings Plan is now focussed on further reductions of buildings through rationalisation and sharing premises with public sector partners. Going forward there is also now a greater focus on generating income streams from property. With new targets included for property commercialisation the overall budget reduction in net property expenditure in the Medium Term Financial Plan 2016-20 is now just over £5 million pa.

2. **Corporate Offices Strategy** – whilst continuing with the consolidation of offices into three main centres there was an urgent need to review the strategy in response to changing business needs. This included the emerging development of early help hubs for services to children and families in localities. This has resulted in arrangements to co-locate early help teams with district council partners resulting in the need to review County Hall occupancy plans.

   Opportunity is being taken to consolidate other teams into County Hall. To facilitate further release of smaller offices, plans are now being progressed to refurbish the remainder of the main County Hall building (North Wing, basement, lower ground floor and the remainder of the south wing). This will enable the Contact Centre team to be relocated to County Hall and will facilitate further consolidation to release other buildings, including reducing the footprint of County Hall occupied for office use.

3. **One Public Estate** – building on the collaborative working with Suffolk County Council to participate in the government's OPE programme the work in the past year has focussed on engaging public sector partners in Norfolk to support the objectives of Reimagining Norfolk. With the twin objectives of helping to integrate public services within the county and achieving financial efficiency through sharing resources, the OPE programme has now been developed with widening participation of public sector partners in Norfolk. This resulted in a successful bid for funding from the Cabinet Office for OPE 3 and partners have identified joint priorities going forward.

4. **Property Disposals and Commercialisation** – as part of the property savings plan a review of surplus properties commenced to form a medium

term disposals programme and seeking opportunities for property development to generate enhanced income. A number of disposals have been bought forward and work is currently underway to bring forward a number of other sites suitable for direct property development.

Work has also progressed jointly with Norwich City Council to optimise the Norwich Airport Industrial Estate which requires investment and there are opportunities to remodel and modernise this asset. Options and recommendations will be reported to P&R later this year.

Below tables list key sites released during the year through sale or ending of leases.

Table 1: Disposals achieving a capital receipt

Asset	Town	Saving	Receipt
Former Court House	North Walsham	£4,485	£60,000
530 Earlham Road - Residential Plot	Norwich		£153,500
Land Opposite Garden Centre	Bawdeswell		£16,400
Former Pit	Hempton		£85,000
Caister Bypass Surplus Land opposite Westacre Farm	Caister		£5,000
Highways Depot, part	Watton	£24,662	£373,500
Former Railway Line	Great Walsingham		£30,000
530 Earlham Road - Ancillary Land	Norwich		£32,000
28 Norwich Road	Fakenham	£3,541	£80,000
Bacton Road Land	North Walsham		£10,000
Former Court House	Fakenham	£6,173	£155,000
Marsh House	King's Lynn	£26,172	£262,000
Alderman Jackson School	King's Lynn	£22,047	£305,000
Additional land for hospice	Hopton on Sea		£50,000
TOTAL capital receipts		£87,047	£1,617,400

Table 2: Disposals through termination of leases

Asset	Town	Saving
Charles House	Norwich	£260,654
Open Norwich Youth Venue	Norwich	£60,810
Lakeside 500	Norwich	£235,863
Nelson House	Great Yarmouth	£67,835
Humberstone Community Hub	Great Yarmouth	£23,504
TOTAL annual savings		£648,666

5. **Corporate Management of Property** – the establishment of the new corporate property team (CPT) and formation of the Corporate Property Strategy Group (CPSG) is resulting in a “single estate” approach being adopted within NCC. This means that asset planning and property prioritisation is integrated with the Head of Property having an oversight on property decisions. CPT is providing support and guidance to services in respect of day to day premises management and capital projects. A review of processes to support efficient property management across the council has commenced, including commissioning of property services, property data to improve performance and policy framework for sharing property with partners including community asset transfers. The recent review of the Council’s Financial Regulations now includes revised officer delegation for property decisions which will assist with efficiency and speedier implementation of routine property transactions.

4.0 Property Portfolio – Overview

4.1 The County Council has a diverse property portfolio spread throughout the County. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold. The key dimensions of the portfolio as at 31 March 2016 (see diagram 1 overleaf) are noted below:

- The portfolio including schools comprises 1,202 properties (down from 1,225). In addition the County Farms estate comprises over 16,000 acres of agricultural land.
- Is worth £791m in terms of book value[1].
- Has running costs of £43.7m per annum (£16.5m for non-school assets).
- 73% of the portfolio is freehold, an increase of 1% on the previous year.
- Condition – Non-Schools
    - 10% requires urgent attention (priority 1),
    - 36% requires some essential maintenance (priority 2) and
    - 54% requires works within 3 to 5 years (priority 3).

[1] Book value is calculated using valuation standards and is based on the assets current use which can differ from its market value.

5.1 There is a recurring cost borne by the council's revenue budget to own and occupy property. Assuming the portfolio is fit for purpose and in a reasonable state of repair the objective should be to minimise this expenditure in order to release revenue for other Council priorities. Table 3 represents the running costs for the entire portfolio.

Table 3: Running costs

Running Cost Element	**Expenditure**		
	Schools	Non-Schools	Total
Rents	£0	£3,419,513	£3,419,513
Rates	£4,535,701	£3,726,955	£8,262,656
Energy	£4,748,644	£2,050,982	£6,799,626
Building Maintenance	£9,829,606	£2,732,834	£12,562,440
Grounds Maintenance	£1,730,647	£507,309	£2,237,956
Water	£838,422	£290,288	£1,128,710
Other	£5,558,345	£3,723,326	£9,281,671
Total	**£27,241,365**	**£16,451,207**	**£43,692,572**

5.2 The cost of the non-schools estate has reduced from £19.5m as a consequence of disposals, leases ended and the property savings plan.

Diagram 1:

Note: These figures are indicative only as they draw on a range of data sources from April 2016. They should not be taken as a definitive statement but are intended to indicate the broad dimensions of the portfolio.

Size

No. of Assets	1,202

Portfolio Mix

Tenure	Size
73%	78%
(Freehold)	(< 500M²)
Age	Use
61%	85%
(> 20 years)	(Operational)

Sustainability

Annual CO_2 emissions in tonnes (excl academies)	44,127

The Council & the Area

Annual Spend	£1,228M
Population of area	857,900

Value

Asset Value	£790.6 M

Asset Value

Operational	
Land & buildings	£696.9M
County Farms Estate	£55.0M
Non-Operational	£38.7 M

Property Use

Primary Schools	319
Secondary Schools	38
Children Centres	35
Libraries	47
Fire Stations	42
Museums	14
Office & Admin. Buildings	57
Landfill Sites	24

Cost

Annual Running Costs	£43.7M

Annual Running Costs

Rates	£8.3M
Energy	£6.8M
Rent	£3.4M
Buildings maintenance	£12.6M
Water	£1.1M
Other	£11.5M

Income

Annual Income	£5.0M

Liabilities

Repair Backlog	£67.7M

Repair Backlog

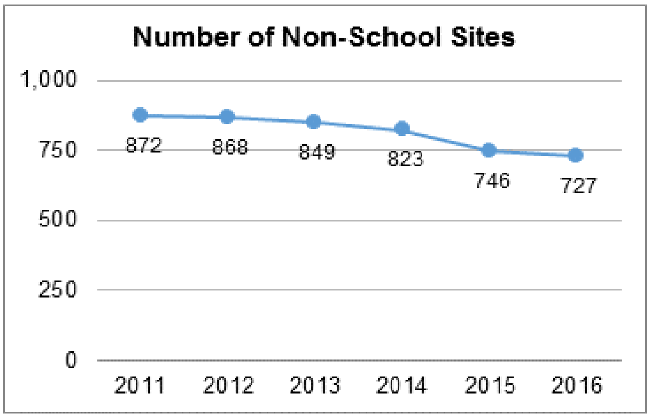
Urgent	£2.8M
Essential	£19.5M
Desirable	£45.4M

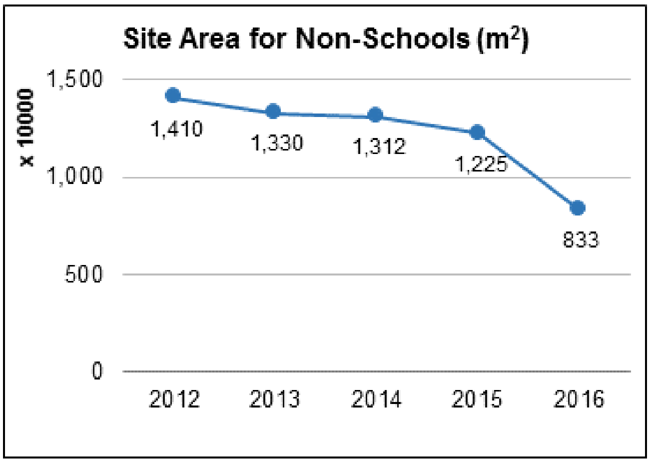
5.0 Property Portfolio – Performance

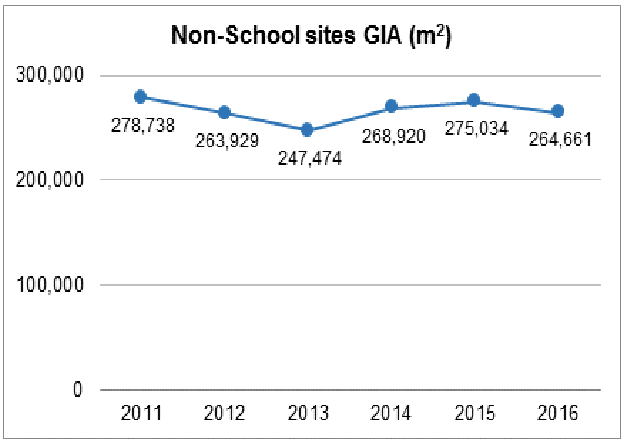
The annual property performance report for 2015 is included as a link with the background papers. This and future performance reports will help reshape and guide the AMP going forward.

It is worth noting that both the schools and non-schools sites have reduced in number and size over the last few years. In 2015 there were 1225 properties, during 2015/16 the portfolio has shrunk further to 1,202.

The changes in the non-schools portfolio is shown below;







6.0 Service Strategies & Asset Implications

As part of the review of the AMP an assessment was made of changing service strategies and issues so that asset implications can be identified and dealt with as part of the AMP going forward. A summary is given below.

Service Area	Service Strategy
Adult Education Centres	Following an 'unsatisfactory' Ofsted report early in 2015 the future strategy for the service has been reviewed leading to the relaunch of the Norfolk Community Learning Service in May 2016. The vision for the new service is set out in **"A New Vision for a New-look Service".** In all respects the service will be refreshed and renewed, with a clear vision for each of the organisation's functional parts, including accommodation. The vision states: "All venues used for learning and teaching are fit for purpose and there is a clear accommodation strategy for the service which includes use of partner venues and demonstrates value for money". The service has recently vacated accommodation at Thorpe St Andrew School, freeing up space needed by Children's Services to accommodate the growing population of students. Corporate Property is working with the service to review accommodation requirements including seeking opportunities for utilising council buildings for learning outside of normal office hours.
Adult Social Care	Adult Social Care has been subject to various transformation initiatives over recent years with the transfer of Residential Care (incorporating the Housing with Care, and Homes for the Elderly and the respective property portfolio) to Norsecare in March 2011. Norsecare (part of the NORSE Group, which is wholly owned by NCC) is actively undertaking a programme of modernisation involving new build, with new facilities in Gorleston and Bowthorpe. Lydia Eva Court is a new specialist home for people living with dementia. Located in Gorleston. it was shortlisted as a finalist in the Building Better Healthcare Awards 2015. Construction work on Norse Care's 80-bed specialist dementia care home and 92-apartment housing with care scheme at Three Score site at Bowthorpe started September 2015. It will form part of a £89m

	care village More recently, the Service was instrumental in setting up the Social Enterprise, Independence Matters, to provide Day Care and Respite Care Services. Independence Matters was constituted on 1 November 2013. The Council retains responsibility for all premises in this portfolio and is supporting Independence Matters with a programme of re-provision and refurbishment. An accommodation strategy will be developed for Independence Matters in 2016. Operational teams within the Service are locality based and co-located with the NHS in a number of properties. Further work is being carried in terms of integration with a recent example resulting from the transfer of Mental Health Services from Norfolk and Suffolk Foundation Trust to The Council on 1 October 2014. Considerable work has been carried out with regard to implementation of the Care Act 2014, and in support of this, Commissioning Teams are involved in the development of Housing with Care and Supported Living Schemes in conjunction with Housing Associations. There are several Housing with Care schemes in Norfolk. Each scheme operates in partnership with Norfolk County Council, a registered social landlord and the relevant district or borough council. A Housing with Care scheme is a housing complex consisting of flats or apartments suitable for single persons and/or couples. Each scheme has communal dining and sitting areas, assisted bathing and toilet facilities all under one roof.
Children's Services	There is an on-going movement of schools to academy status under a standard 125 year lease arrangement, with more than 100 sites already transferred. The Service is involved in a significant capital programme with a total value of some £125m to meet additional school capacity pressures, in response to both residential development and demographic growth pressures, as set out in the approved capital programme for 2014-17. This involves a combination of new developments and additional building on existing school sites. There is complementary responsibility to ensure sufficient specialist places as population grows; and a sufficiency duty in respect of pre-school provision. A new Early Help

	and Intervention programme is being developed to improve social care outcomes. Subject to confirmation of business case funding, this could involve some 8 Local Offices based on District Council areas, together with some 24 Local Delivery Points in areas of identified need, utilising existing NCC locations and opportunities though the One Public Estate programme where possible.
Corporate Offices	NCC has been undergoing a rolling programme of rationalisation with principal areas of office provision now concentrated at Priory House (Kings Lynn), Havenbridge House (Great Yarmouth) and County Hall in Norwich. This has resulted in several properties being surrendered. The on-going programme of change is now being channelled through the 'One Public Estate' initiative with public sector partners co-locating wherever possible to reduce costs and deliver service benefits. Integrated Health teams are now being accommodated across the NCC/NHS estate. Locality teams, where service delivery requires a local point of delivery, are being accommodated away from County Hall in public sector partner premises where practicable e.g. Cromer (NNDC offices) Long Stratton (SNC offices)
Fire & Rescue	The Service is actively exploring opportunities for potential co-location with the other 'Blue Light' Services, which will have been given significant impetus by the potential for joint oversight of both services by a reconstituted Police and Crime Commissioner function recently announced by the government. The Norfolk Fire and Rescue senior team recently moved into the Norfolk Constabulary's Operations and Communications Centre (OCC) in Wymondham, creating a joint headquarters. Further work is underway on developing a potential joint control room with the Constabulary also. Work is on-going to identify the scope for more effective wider NCC usage of fire station sites, building on arrangements already in place which include enabling other blue-light services to use parts of the site and enabling external companies to rent/lease parts of sites not needed by the service.
Registrars	Principal register office facilities are located in: Great Yarmouth (within the Library building with a satellite at the James Paget) Kings Lynn (within the Town Hall with a satellite at the Queen Elizabeth) and Norwich (in Churchman House with satellite facilities at Earlham Library and the Norfolk and Norwich hospital). Norwich will move into the Norfolk Records Office in July 2016. Smaller facilities exist

	at Diss, Downham Market and Thetford in buildings shared with the local Town Councils. District Council operated accommodation in Fakenham and Dereham is shared with partners including other county council services and as part of the 'One Public Estate' initiative the county council building in North Walsham is likely to be leased to North Norfolk Council then sublet to the Town Council and registrars. ***Note:*** *Registrars offices are located within libraries or the offices of other services and so the identified asset count of 9 is also included in the asset count of these.*
Libraries	The Norfolk and Norwich Millennium Library at the Forum in is the Library service flagship with other modern buildings located in Downham Market, Wymondham, Dereham and Poringland. King's Lynn and Loddon libraries are in listed buildings. The majority of buildings are owned by NCC with six being rented or leased. Technology to enable the buildings to be accessed through self-service is being trialled in Acle library and will be rolled-out to Millennium Library. Some of the libraries in Norfolk's market towns have become inadequate for the size of the population served, with Diss, North Walsham and Swaffham being prime examples. There are opportunities to make better use of the library building infrastructure to enable a more joined-up approach to community service delivery and arrangements are in place to enable registrar services to be delivered from libraries, enabling other buildings to be freed up. The corporate approach to space sharing (in particular the one public estate) will enable further opportunities to unlock this potential. The service maintains a list of priority library replacement however a lack of capital combined with suitable village/town centre sites has severely restricted modernisation of the asset base to date.
Norfolk Record Office	The Norfolk Record Office is located at the Archive Centre on the County Hall site. The archive centre is occupied by other providers as well as NCC and the Registration Service will be moving in to part of the Archive Centre in 2016. The building opened 3 November 2003 and use of the premises is restricted by the terms of a 25 year Heritage Lottery Fund Agreement.
Museums	Norfolk Museums Service was established in 1974 when the County and District Councils in Norfolk agreed to delegate their museum powers to a Joint Committee to manage museums through a county-wide Museums Service. The buildings are often owned and managed by a district council with the

	service delivering capital improvements often with external funding which may come with restrictions. They include: The Bridewell which has recently undergone a major refurbishment, Strangers Hall and the Castle all located in the centre of Norwich. A £12 million project to restore the interior of the Norwich Castle Keep to recreate the 12th Century Royal Palace is being planned; Government have provided £1m funding and the outcomes of a further £9m bid for funding are expected in May 2016. Gressenhall Farm and Workhouse is the only site owned by NCC.
Economic Development	NCC owns 2 sites where property is actively promoted for economic development, Hethel Engineering Centre and Scottow Enterprise Park (former RAF Coltishall). Hethel Engineering Centre is a business owned by NCC dedicated to supporting the growth of high performance engineering and manufacturing companies and individuals throughout the region. It provides premises for start-up businesses, and through its expansion space allows these companies to grow, with the support of business incubation services, specialist business support, as well as conference, meeting space, training facilities and engineering consultancy. Scottow Enterprise Park covers 600 acres, with a range of buildings that are being let to target sectors, including film and media, automotive and manufacturing. At present 70% of the viable space is currently let or under offer. Work to complete the utility separation for the water main network and infrastructure utilities upgrade works has commenced. Work on the capital programme of improvements continues, to bring buildings back into a lettable condition. Phase Two of the solar farm is being completed and will secure a significant income stream for the next 20 years. NCC also owns 60% share in Norwich Airport Industrial Estate this asset, which is managed by Norwich City Council, the joint owner. The estate is in need of investment with a high level of voids currently which needs managing. NCC is working with GYBC to create the Great Yarmouth Energy Park, a regeneration project covering 50 acres of the South Denes where under used and derelict sites are being purchased to accommodate

	requirements of the energy industry.
Public Transport	The service operates six park and ride sites. New contracts saw Konectbus take on management of the P&R and bus station in September 2015, enabling the service to be provided without any NCC subsidy. The service is considering the longer term possibility of a 'super' P&R site to incorporate Sprowston (potential school site) and the airport site, in particular taking into account opportunities provided by the NNDR route. The Council also owns Norwich bus station and Thetford bus interchange.
Waste Management	The service operates 20 recycling centres across the county (19 run by NEWS one by FCC) to allow residents to recycle and dispose of their household rubbish free of charge – these are not available for business or commercial use. The Docking site closed during 2015 and was subsequently re-opened. Some sites face pressure from growing populations, including Wymondham, where there is a medium to long term need for replacement. Members have agreed a review which will look to a future where we have potentially fewer but better recycling centres. A new location needs to be identified for the Norwich site because the existing site will become unavailable in the next few years, and work is underway to identify and plan for a suitable replacement. Plans underway to extend the South Lynn site. Relatively new sites include Dereham, Thetford and Caister. In addition, a number of closed landfill sites and similar infrastructure are also owned and managed. Opportunities for alternative uses for these sites are progressed where possible, with some success with animal grazing in the past, but the nature of the sites means that alternative uses can be limited
Highways Area Offices/Depots	These have previously been consolidated to four main depots, including salt barns, which serve almost 6000 miles of highways maintained by Norfolk County Council, with arrangements in place across the county for other salt barns and operational muster points. Consideration is being given to further consolidation down to three main area offices/depots and this is also being reviewed jointly with district council partners as part of the OPE programme..
Surplus Land (highways)	There is a plethora of small, often isolated, landholdings across the county previously acquired for highways purposes or odd bits of school land no longer required. There are lease/rent arrangements in place for a number of sites, including small car parks that provide some income.

	A programme of development or disposals will be undertaken albeit, often the cost of disposal against their value can be prohibitive. Some of these assets may ultimately prove unsellable and other options to bring them into beneficial community use and minimise management costs will need to be considered. .
Historic buildings	The County Council has responsibility for a number of heritage assets, primarily windmills and pumps, including Waxham Barn, Beeston Regis Priory and the Bawburgh Monuments. A programme of divestment is underway and is being progressed on a site by site basis.
Land in advance	The Council will purchase land and buildings in advance of major schemes as part of, or prior to, formal CPO purchases to ensure that we can secure the land needed to deliver the scheme. This includes land/purchases made for major schemes like the Norwich Northern Distributor Route, Great Yarmouth Third River Crossing and the King's Lynn incinerator.
Norfolk Trails	The Norfolk Trails network covers over 1,200 miles of walks/cycle/bridle routes through the county, made up of a mix of private and Council owned land. These include Weavers Way, Wherrymans Way and Marriotts Way. Work on a new Coastal path route is underway with four stretches of path, the first opened in December 2014 and the 2nd is due during 2016. Trails cover a variety of landscapes and countryside and there are often issues with access and environment to address, for which the service has been successful in attracting external funding to address. The council also has some small roadside and other nature reserve sites.
County Farms Estate	The Norfolk County Farms estate comprises 16,290 acres of farmland across the county that is let to over 145 tenants. In spite of rationalisation from its peak size of nearly 32,000 acres in the late 1940s, the Estate in Norfolk remains the third largest in England. The 61 individual estates spread from West Walton in the West to Hopton in the East, Hindringham in the North and Carleton Rode in the South. For the County Council, the Estate makes an important financial contribution with net surplus of around £500,000 helping to fund other public services. In addition the estate is also a source of capital receipts from judicious sales of property for development. A proportion of these receipts are then available to be spent in the County on schools, roads, and other services that the Council provides. As such it is a

	valuable part of the Council's financial planning, and helps to reduce the burden on council taxpayers in Norfolk. The Estate helps meets the County Council's sustainable development commitments through: • Providing a framework for local produce, goods and services, • Sustaining and creating rural employment, • Developing business opportunities throughout the County, • Improving and developing access for recreation and education, • Creating and improving biodiversity, • Providing land for affordable housing. For the people of Norfolk there are also other benefits. The majority of farms are in some form of environmental management which increases biodiversity, improves the landscape and provides opportunities for new public access. The beautiful and diverse countryside and farming landscapes that are provided as a consequence of the County Farms Estate makes the county a more attractive place to live, work and play, whilst making it a popular destination for tourists who bring money to the region. For farm tenants, the Estate offers an increasingly rare opportunity to follow a career in farming and as a consequence of these family-run farms the Estate adds to the diversity of rural communities in Norfolk as well as supporting the local economy. During 2015/16 the management of the County Farms Estate was brought back in-house with the aim of refocussing policy outcomes and integrating the management of the eastern and western estates. Following a review of governance and enquiry into a large number of complaints regarding the management of the estate there is priority to implement an improvement plan aimed at achieving best practice standards.

7.0 Work Plan 2016-19

7.1 The Work Plan in the AMP 2015-18 will be rolled forward to reflect progress over the past year and update it for priorities and opportunities arising.

7.2 Policy & Resources is asked to consider the priority areas set out below. This will form the basis for creating a new prioritised work plan for 2016-19.

1. **Financial Efficiency** – continued focus on the property savings plan to deliver £5.1m budget reductions over the next 3 years. The following actions will continue as part of the Property Savings Plan and added to the work plan;

    - Continue to seek opportunities for a reduction in the number of buildings retained through property rationalisation.
    - Prioritise income generation by hiring out space and facilities outside business hours and renting surplus space to mitigate the costs of under-utilised buildings that cannot be removed.
    - Continue to review financial efficiency in utilities, maintenance and facilities management.

2. **Property Rationalisation** – prepare for the release of further corporate office buildings over the next three years. This review will also include consideration of service office buildings to increase the scope for efficiency. A major action is the refurbishment of the remainder of the County Hall main building to create capacity for further consolidation and includes the following main targets.;

    - Creation of a training suite in the South Wing (corridor leading to the restaurant) to enable relocation from the Annexe
    - Refurbish the North Wing to complete vacation of the annexe.
    - Create a central store in the LG floors of CH to enable reduction in external storage facilities where possible.
    - Vacation and removal of Carrow House, Churchman House, Blickling Hall in 2016/17.
    - Vacation and removal of further buildings from the portfolio over the next two to three years including Vantage House.

3. **County Farms**
    - Implement recommendations from the recent Audit reports to address governance and management matters raised.
    - Improvement Plan – improve governance, transparency ad stewardship to achieve financial, economic and social outcomes from the rural estate.

4. **Property Developments and Disposals**
    - Disposals programme - continue implementing identified disposals programme aimed at achieving circa £20 million over the next 3 years.

- Top 5 Development sites – complete feasibility studies of "top 5" sites to assess options for direct development to maximise income.
- Develop capability for direct property development to give greater control over implantation and to extract developer profit.
- Surplus Highways land – implement package of land parcels no longer required for road schemes.

5. **Property Commercialisation**

   - Norwich Airport Industrial Estate (NAIE) - working jointly with Norwich City Council bring forward investment proposals to optimise income by addressing condition and suitability of many units which have become unlettable.
   - Intensify the hiring of rooms for meetings and events as well as more use of the car parking facilities to generate income.

6. **One Public Estate**
   - Multi agency service hubs - work with partners to create integrated public service centre in the main market towns throughout the county. A number of projects are at various stages of exploration and inception. These include the Broads Multi Service Hub opportunity being explored at Beeston Park. The Work Plan will set out a phased programme as it is agreed by partners.
   - Rationalisation of operational depots – work with partners to explore combining depots in specific localities. There may be scope for releasing some sites and improving utilisation of sites retained.
   - Blue lights collaboration – support the co-location and collaborative working between the Fire & Rescue, Police and Ambulance services.
   - Land for Housing – working with partners, review all public sector assets in specific localities to identify surplus land that can be released for housing.

8.0 Financial Implications

The AMP continues to be a key means of guiding many of the strategies and actions required to deliver the property savings. The initial focus had been savings that can be secured more quickly, for example, through reduction in FM specifications and efficiency of premises running costs, this will continue. There is also an ongoing priority on generating income from hiring out space and facilities for private use especially out of hours, for example increasing the hiring out of the County Hall Car Park.

To deliver the remainder of the property savings there is a need for a more radical approach to the use, management and sharing of property assets and this is where such initiatives as the One Public Estate programme will assist. Furthermore exploiting the estate along more commercial lines will maximise income.

In addition the proposals for further commercialisation of property will help generate income streams that will enable the balancing the pressure for achieving significant property budgets with the need to maintain sufficient supply of accommodation essential for service delivery and maintaining service specifications that will protect the longer term condition and value f assets.

Specific financial implications will be reported as part of individual property decisions as the AMP is implemented.

9.0 Issues, risks and innovation

The Corporate Property Strategy Group oversees strategic asset management in the County Council and monitors the implementation of the AMP by the Corporate Property Team supported by the councils consultant NPS.
The AMP needs to be viewed as a dynamic guide to action so that as circumstances change the projects within it may need some amendment to reflect changed circumstances and again CPSG is empowered to agree these revisions where appropriate.

Although the AMP is a three year plan it will be refreshed and reported to Policy & Resources every year with a summary of progress and rolling three year update.

10.0 Background

9.1 Background Papers**:**

(i) Policy & Resources Committee 1 June 2015 - agenda item 13 – Asset Management Plan 2015-18

(ii) Property Performance Report 2015 - Property Performance Report 2015

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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Policy & Resources Committee

Item No 20

Report title:	**County Hall Programme**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The completion of the major programme of works at County Hall will help to deliver longer term improvements to service delivery as well as organisational and financial benefits. It underlines the importance of County Hall as a civic building and the headquarters of the County Council. The improvements made will benefit staff, Members and visitors and will make the building more attractive to share with partner organisations in the future.

Executive summary

The purpose of this paper is to provide a final update and review as the major programme of works are completed at County Hall. The paper provides details of the challenges faced and how these have been overcome. It also highlights the need for future ongoing investment in the maintenance of the building to ensure that the benefits of the major investment made by the County Hall Programme are delivered over the next 25 years.

The paper indicates that the programme of works have been completed on time and within the available budget.

Recommendations:

a. To consider and comment on the completion of the programme.

b. To commission a further report on future planned maintenance at County Hall.

Introduction

1.1 In July 2012 the Council made a key decision to undertake a major programme of repairs ay County Hall. The main building which was opened in 1968 was in a poor condition with significant structural issues, poor energy efficiency and inefficient utilisation of the office space. In making the decision to repair the building consideration was given to alternative options including demolition and the construction of a new headquarters for the County Council. On balance it was considered to be more cost effective to proceed with the repair of the building. This was on the basis that staff would remain in situ during the repair works relocating within the building as required by the building programme.

1.2 Following initial surveys, the report to the Cabinet in July 2012 identified the following priorities at an estimated cost of the £22m.

- Undertake all necessary structural repairs.
- Make the building watertight and prevent any further deterioration in the fabric.
- Improvement to the environmental performance of the building to reduce the carbon footprint and to make the building more thermally efficient.

- Renew all mechanical and electrical systems to allow the building to be used more flexibly.
- Improvements to the external roadways, paths and entrances.
- Conversion of floors to open plan.

1.3 Following a detailed competitive tender process, RG Carters were appointed as the contractor for the works. In appointing the contractor, consideration was given not only to price but also to the contractors experience and ability to undertake major building works in an occupied building. The first phase of the work started in Spring 2013 after staff from the 8th and 7th floors were decanted to Carrow House and the north wing respectively.

1.4 After the appointment of the contractor far more detailed surveys were undertaken to establish more accurate details of the level of work required. This more detailed investigation revealed 4 significant factors which required funding in addition to the original estimate of £22m:-

a. The level of repairs were greater than had been previously assessed.

b. The invasive nature of the repairs to the tower provided an opportunity to open up the floors and increase the occupancy of the building. However, the initial estimate focused on repair and strip out of the floors but did not include the full cost of fitting out new floors as open plan offices.

c. Fire safety works were not included within the original surveys or total estimated cost. Works amounting to approximately £2.5m were identified including the installation of a sprinkler system in the tower.

d. The original estimate was on the basis that existing heating and lighting systems would be replaced with similar units. More energy efficient systems had a higher capital cost but would generate long term revenue savings as well as improving the carbon footprint of the building.

1.5 The overall implication of the additional factors above was that the original repair programme needed to be extended to include refurbishment in order to derive greater long term benefits. Such benefits included the creation of additional capacity in the building which in turn would facilitate the closure of other offices and deliver revenue savings of approximately £1.5m per annum. A report was made to the former Corporate Resources and Overview Panel (CROSP) in November 2013 outlining the full extent of the works required together with a revised estimated budget of £32m. The paper identified existing approved capital funding sources to meet most of the additional costs and these included Carbon Energy Reduction Fund (CERF) for the energy saving measures, Building Maintenance Fund (BMF), minor works and a scheme to open up the 6th floor. This left approximately £2.5m for the fire safety works which was added to the capital programme. Subsequently additional existing approved capital funding has been used resulting in a final budget of £33.45m. This has been used to bring forward existing approved capital maintenance, not in the scope of the current programme, and to fund further energy saving measures. Further details are contained in paras 2.4.2 & 4.2 - 4.5 below.

2 Scope

2.1 The focus of the programme of works has been to undertake essential structural repairs to the tower. The nature of the repairs were very disruptive and invasive and provided an opportunity to open up the floors and redesign and refurbish the office space, thereby providing a more flexible working environment. This level of invasive work was not required elsewhere in the building in the north & south wings or on the lower ground and basement floors. Consequently these other areas were not included within the scope of the main programme of work.

2.2 With the exception of the ground floor of the south wing, the level of work needed and planned to floors outside of the tower was relatively minor. On the lower ground and basement floors, the scope of the work was restricted to essential repairs and maintenance to toilets and kitchens and the installation of a new fire alarm. In addition the opportunity was taken, as the fire alarm works progressed, to undertake some redecoration and improvements to ceilings and lighting.

2.3 **Work completed**

The following is a summary of the main elements of the repair and refurbishment programme that have been completed in line with the original scope of the programme.

a. Resolution of existing leaks by the complete replacement of the main roof of the tower together with the roofs above the south wing and democratic suite.

b. Installation of curtain walling and a double glazing system on floors 1-8 in the tower. This resolved the serious problem of falling masonry and dislodged faience tiles. In addition it led to a very significant improvement in the thermal efficiency of the building (see para 7.6 below).

c. Major structural repairs to the concrete frame and soffits were required. This work also dealt with any areas where concrete carbonisation had taken place as a result of water penetration.

d. The complete remodelling and refurbishment of floors 1-8 in the tower and the south wing ground floor together with new mechanical and electrical services. This work included the removal or safe encapsulation of asbestos on the refurbished floors. The remodelling of the floors has opened up the space to provide modern, light and flexible open plan offices. This in turn has also facilitated an increase in the occupancy of the building through more flexible working arrangements.

e. The installation of a modern more energy efficient heating and ventilation system in the tower. This also entailed a compete refurbishment of the plant room on the 9th floor with the installation of new mechanical plant and services.

f. New transformers and electrical distribution panels have been installed. This has improved business resilience by a significant reduction in risks arising from out dated electrical equipment.

g. Installation of solar panels on the roof of the south wing contributing to the energy efficiency benefits (see para 7.6.5 below)

h. Services throughout the building have been upgraded and replaced. This includes new vertical waste pipes and a new water supply. In addition new vertical service routes have been installed to carry the new electrical mains and data cables.

i. Major improvements to fire safety were required as part of the programme of works. In the tower physical improvements were incorporated into the design to enhance the safety of staff based in that part of the building. Also in the tower the installation of a sprinkler system has greatly enhanced the physical integrity of the building. Elsewhere in the building new fire escape routes have been installed to improve the safe evacuation of the building by all users.

j. The programme of works include the installation of a new fire alarm. This was necessary as the old system was out dated and was becoming increasingly unreliable.

k. The complete repair of the upper and lower front concourse areas was an essential element of the programme of works. Over the years the ingress of salt water had led to carbonisation of the concrete supporting beams which meant that they needed to be repaired or replaced. The completion of the remodelling of these areas has significantly improved accessibility and has also provided a more impressive approach to the building.

l. The rear terrace (overlooking Martineau lane) was in a very poor condition and the roof to the lower ground floor needed to be replaced. For a number of years there had been major leaks from the roof into the offices below. The replacement of the roof has been completed and new paving slabs and seats have been installed. This now provides a pleasant outside space for Members, staff, visitors and civic events.

m. The main reception has been remodelled and refurbished to provide a more open and customer friendly environment for visitors. Facilities for visitors have included new toilets within the reception area. Physical security has been improved to enhance the safety of visitors, staff and Members. A draft lobby has been installed at the entrance to remove the risk of injury associated with the old revolving door whilst also ensuring that the same entrance is accessible for all users.

n. The front forecourt car park has been resurfaced and the layout redesigned to provide additional accessible parking bays.

o. During the installation of the fire sprinkler system, the opportunity was taken to remodel the mezzanine floor on the south side of the building. This was an addition to the original scope and enabled a major improvement to be made on the back of disruptive and intrusive works. The mezzanine floor has been remodelled and refurbished to provide a hot desk/business lounge area that can be used by Members, staff and their visitors.

p. On the lower ground floor a shower suite has been installed to replace the limited and rather outdated facilities that existed before. This provides a facility that will help to encourage walking or cycling as the number of staff in the building has increased.

q. The installation of a faience fall arrest system to reduce the risk of tile failure on lower parts of the building not covered by the new cladding system in the tower. Such areas included internal courtyards and parts of the north and south wings.

A timeline for the completion of different elements of the programme is attached (Appendix 1).

2.4 **Additional Work not within the Original Scope**

2.4.1 The scale of the essential works meant that the overall budget for the programme was tight and required close monitoring and scrutiny by the Programme Board. However, where funding opportunities arose, either through savings on individual work packages or by identifying other existing approved funding, a limited number of additional works were undertaken. These were mainly enhancements to existing work packages to maximise benefits and the most significant were:-

- Further improvements to enhance energy efficiency.
- Redesign of the mezzanine rooms.
- Refurbishment of the rear terrace.
- Limited refurbishment of the lower ground and basement floors.

Further details of these works are summarised below.

2.4.2 Available CERF funding has been used to further enhance energy and environmental improvements to the building. This will provide long term benefits in reducing both energy cost and the Council's carbon footprint (see para 7.6 below). The main enhancements were:-

- Installation of new gas boilers to provide heating to the lower ground, basement, north wing and democratic suite.
- LED lighting and localised heating improvements within the main reception.
- Increased levels of thermal insulation on the rear terrace and democratic suite roofs.
- Draught proofing of existing windows in lower ground, basement, south and north wings.
- Heating upgrades and LED lighting for new toilet and kitchen areas in the lower ground and basement floors.
- Solar window film in the reception and ground floor south wing.
- LED lighting and new heating system for the mezzanine floor.
- LED lighting for car parks and footpaths.

2.4.3 The rear terrace was in a very poor condition and had been closed for a number of years. Essential works were required to replace the roof and install a new waterproof membrane to prevent leaks into the office space below. In doing this work new paving slabs were laid, seating provided, a new safety rail installed and planting completed in some areas. This has resulted in an attractive useable space for staff and civic events.

2.4.4 The layout of the meeting rooms on the mezzanine floor at the south end of the building was poor and did not make good use of the available space. Also one of the larger meeting rooms had no natural light. The installation of the sprinkler system and new fire alarm in this area was fairly disruptive and invasive. Additional work was carried out to open up the floor to provide a business lounge/hot desk area. This has resulted in a more attractive and flexible working environment with the loss of the former meeting rooms offset by the provision of additional meeting rooms across the building.

2.4.5 The installation of the fire alarm works in the lower ground and basement floors was also very disruptive and invasive. Whilst these works were underway some limited refurbishment was undertaken comprising of improvements to corridor ceilings, lighting and flooring, replacement and renewal of ceiling tiles in office areas and redecoration of some corridors and offices. Undertaking such works at the same time as the fire alarm works was more cost effective than doing the improvements separately at a later date. Thus the additional works were brought forward and funded from the approved budget for future capital maintenance. These works combined with the new toilets and kitchens has improved the working environment on these floors.

2.5 **Accessibility**

In making such a major investment in the future of County Hall, it was important that the improvements resulted in a building that was fit for purpose and accessible by all. The requirement to improve accessibility was built into the design process for different work packages. This approach meant that accessibility issues could be addressed, sometimes at little or no extra cost, as the building works took place. This has meant that there will be a significantly reduced need in the future for expensive and inefficient retrofit works. Examples of some of the measures taken include:

- Wider doors to make access easier for those using power chairs.
- Height adjustable sinks in the kitchens.
- A number of height adjustable desks on each refurbished floor.
- The use of colour contrast including the different coloured carpet to delineate an access route that is wide enough for power chairs.
- Push pads on doors to the floors and to areas within the floors.
- Sufficient space between desks to easily manoeuvre a wheel chair.
- Refuge points with an intercom on the floors in the tower enabling those who need assistance in evacuation to be kept informed.
- Including a lobby to the accessible toilets to enhance privacy.
- An accessible ramp to the main entrance of County Hall.

The approach taken has been recognised nationally as the Council has been shortlisted as a finalist in the Municipal Journal Local Government Awards 2016. The Council is competing with 4 other local authorities in the category “Disability Confident” and the result will be announced on 16 June.

2.6 **Work to be completed**

2.6.1 <u>Lower Ground and Basement Floors</u>

The main part of the programme of repairs has been completed. There is still some work underway, most of which is on the basement and lower ground floors. These floors did not have the same need for major invasive structural repairs that were required in the tower. Consequently the scope of the work in these areas was limited to essential fire safety works and the installation of new toilets and kitchens. This work is underway and is scheduled for completion by the end of June. At the same time some limited refurbishment work is being undertaken to improve the décor, ceiling tiles, flooring and lighting in the corridors and some of the offices where needed.

2.6.2 <u>Democratic Suite</u>.

Works are required in this area to make some improvements to accessibility and to install the new fire alarm system. Progress has been difficult and whilst some elements have been completed such as the Members' kitchen, the invasive nature of some other aspects has meant it has not been possible to programme all the works around Council and Committee meetings. Consequently, most of the invasive elements, including the installation of the new fire alarm have been programmed to commence during the last week in July with completion by the end of the 4th week in August. During this 5 week period all the meeting rooms, Council chamber, Members' lounge, Chairman's office etc. will not be available for use and will be under the control of the contractor.

2.6.3 Snagging works

The contractor is working through a list of repairs and defects in areas where work has been completed. Most of these are minor but the exception is a failure of parts of the waterproof membrane under the upper concourse. Investigations are underway with the contractor to find the most effective means of repairing this defect.

2.7 **Work not included in the County Hall Programme**

It is inevitable that during a three year programme of works, other needs and requirements were identified which were not within the scope or budget of the programme originally agreed. Where funding has been identified, these areas need to progress either at the same time as the County Hall Programme or should be scheduled to take place when it has has been completed. The main areas of such works are briefly outlined below.

2.7.1 New ICT Communications Room

As part of the voice and data project there is a need to improve ICT resilience by creating a new communications room on the basement floor. These works are not part of the County Hall Programme, however, it is more efficient to use the current on site contractors and NPS supervision. The cost of this work is being funded entirely by the voice and data project and is not part of the budget for the County Hall Programme.

2.7.2 Canteen and shop

Improvements to the canteen and the creation of the new shop are also not part of the County Hall Programme. These works were arranged, completed and funded by NORSE using their own contractor.

2.7.3 South Wing Training Suite (former shop and adjoining rooms)

A scheme is being developed by the Corporate Property Team to remodel the former shop, Nelson room and other rooms off the corridor leading to the canteen. Funding has been included within the capital programme for this work which is likely to commence later this year.

2.7.4 North Wing

A scheme is also being prepared to refurbish and open up the north wing in order to increase the occupancy of this part of the building. This in turn will facilitate the closure of other buildings as staff are moved to the north wing. Some funding has been included within the capital programme for this work which is likely to commence during the summer/early autumn this year.

3 **Ongoing maintenance**

3.1 The programme of works at County Hall addressed a backlog of major repairs which in turn reflected a lack of investment in the building. Having made such a major investment, it is important that the building is maintained to a higher standard than previously in order to gain the benefits of that investment over a 25 year period.

3.2 As the contactor's maintenance liabilities for completed elements of work expire, there will be a need for revenue funding for annual and reactive maintenance.

3.3 In addition there will be a need for planned capital maintenance to replace and renew mechanical, electrical and building fabric items as they reach the end of their lifecycle over a 25 year period.

3.4 Details of the programme of ongoing maintenance will be presented to the Committee in a subsequent paper.

4 **Budget**

4.1 A summary of the breakdown of the final budget is shown in table 1 below.

4.2 <u>Table 1 Budget</u>

Element	Budget £m
Site set up	2.39
External tower	6.95
Internal tower	11.35
South wing	2.19
Other areas	6.86
Fees & surveys	2.74
Furniture & equipment	0.97
Total	**33.45**

Further details of the constituent parts of each element together with current and estimated total expenditure are shown in Appendix 2.

4.3 The budget figures in Appendix 2 show that the latest estimated outturn is £33,334,800 which means that there is an estimated underspend of £115k. This underspend provides a remaining contingency to cover any unexpected costs from finalising the project sum. The final outturn figure will be subject to accounts being signed off with the contractor and this will not take place until later this year. However, at present there are no issues that indicate that there will be any significant variance from the latest estimated outturn.

4.4 During the course of the programme existing approved sources of capital funding were utilised to either bring forward other necessary works, or to maximise the opportunities to further improve energy efficiency measures. The changes were made in response to need and any amendments, including increases to the programme budget, were included in each report to the Committee. The paper to CROSP in November 2013 reported a budget of £31.91m, a summary of the changes made after that report is shown below in Table 2.

4.5 Table 2 Budget Changes

P& R Committee	Source of additional approved funding	Amount of additional approved funding	Revised Total Budget
01/12/2014	Building Maintenance Fund CERF	£122k £550K	**£32.58m**
30/11/2015	CERF	£300k	**£32.88m**
31/05/2016	Future capital maintenance CERF	£400k £161K	**£33.45**

5 **Contract Management and Cost Control**

5.1 In 2013 a process of competitive tendering was followed to appoint RG Carters as the principal contractor for the County Hall Programme.

5.2 The maintenance and repair works were divided up into individual work packages for specific areas of work. Following detailed design work by NPS, the packages were then subject to a tender process through the main contractor. Returned tenders were closely scrutinised by NPS to ensure that they met the requirements specified and were value for money. In cases where tendered packages exceeded the budget estimate, further work was undertaken to bring the package back within budget. In some cases this involved value engineering amendments to the specification and a retender of the package.

5.3 The areas where value engineering achieved savings, included:

- Perimeter internal walling within the tower (alternative design).
- Internal partition walls and doors (alternative design and product).
- Lighting (alternative LED product and control system).
- Ventilation ductwork (alternative design).
- Sprinklers (contractor's proposal, alternative product).
- Stairwell details (alternative products).
- Blinds (alternative product).
- Carpets (alternative product).

5.4 In each case an equivalent product option was selected or an alternative design solution, ensuring that good quality fit for purpose offices were delivered. The cost difference between the original tendered sums and the alternative options (as instructed) was in excess of £1m. In many cases the difference in cost for each item was relatively small, however when multiplied across 8 floors and the south wing ground floor the overall cost difference was considerable.

5.5 In delivering a programme of this size and complexity it is inevitable that changes would be required after the specification of individual work packages. A change control process was implemented which meant that changes totally £0.5m were managed and agreed by the Programme Board within the overall budget.

5.6 Two internal audit reports concluded that the governance arrangements for managing the programme of works, including contract management and cost control, were appropriate and adequate.

5.7 In 2015 the programme won the Constructing Excellence annual regional award in the value category. This reflected the close collaborative working arrangement between NCC, NPS and the contactors to manage costs to maximise the use of the resources available to improve the building.

6 Re-occupation of County Hall

6.1 Table 3 below shows the re-occupation of the refurbished floors as the programme of work was completed.

6.2 Table 3: Re-occupation schedule

Floor	Date of re-occupation
8	August 2014
7	November 2014
6	January 2015
South Wing (Ground)	January 2015
5	July 2015
4	June 2015
3	August 2015
2	January 2016
1	February 2016*

* Temporary relocation of staff from the Lower Ground floor during the installation of the new fire alarm.

6.3 Carrow House

6.3.1 A delay in the planned vacation of Carrow House was reported to the Committee in the paper it considered in November 2015. The causes were the requirement to relocate the computer network and telephone services and to find alternative accommodation for Children's Services. In November 2015 it was estimated that the complete vacation of the building would not be achieved until December 2016.

6.3.2 The voice and data services project is making good progress in planning the relocation of the ICT systems from Carrow House. This work is currently scheduled for completion in the early part of the Autumn 2016.

6.3.3 There has also been progress in finding alternative accommodation for over 200 Children's Services staff based at Carrow House. During June 2016 the Customer Services Centre will move from Vantage House to the 1st floor of County Hall. This will then enable Children's Services staff to move to Vantage House during the summer of 2016. Vantage House is located in the centre of Norwich and is a more suitable building for meeting the needs of clients. The lease at Vantage House expires in December 2019 so this allows Children's Services sufficient time to develop and implement a locality based model of accommodation.

6.3.4 All the other teams and services previously based at Carrow House have already been relocated to County Hall.

7 **Benefits**

7.1 The programme of work was essential to maintain the structural integrity of County Hall. In undertaking such a major project there has also been a number of benefits arising from the Council's investment in the building.

7.2 **Financial**

7.2.1 The opening up of the floors combined with flexible working has facilitated an increase in the number of staff that can be based at County Hall. Before the start of the programme of works there were approximately 1970 fte staff at County Hall, of whom, 1130 fte occupied the floors that were to be repaired and refurbished. Following the completion of the works, the overall capacity at County Hall is approximately 2840 fte including 1960 fte on the repaired and refurbished floors.

7.2.2 The increase in capacity will deliver revenue savings of approximately £1m per annum from 2016/17 rising to £1.5m from 2019/20. In the summer of 2015 leased offices at Bank Plain (Open), Charles House and Lakeside 500 were closed as planned. In 2016 the planned vacation and closure of Carrow House will take place (see para 6.3 above). Offices at Lawrence House and Vantage House are scheduled for closure in 2018 and 2019 respectively on the expiration of the current leases. In addition there will be some capital receipts, the most significant of which will be from the redevelopment or sale of Carrow House.

7.3 **Improved quality, flexibility and accessibility**

7.3.1 The need to undertake major repairs at County Hall provided the opportunity to improve the quality of the office accommodation in the areas where repairs were required. Overall the feedback from staff moving to the refurbished floors has been very positive and appreciative of the new working environment.

7.3.2 The creation of open plan offices provides far greater flexibility in the use of the space. This will help in implementing any future organisational changes as the re-allocation of office space will be simpler, cheaper and quicker.

7.3.3 By embedding improved accessibility at the design stage, significant improvements have been made to the access to the building and within the building itself. This has been reflected by the shortlisting for a Municipal Journal award (see para 2.5 above)

7.3.4 The improved quality also makes the building more desirable for any future sharing with partner organisations. Through the One Public Estate initiative there is the potential in the future to let under used space to partner organisations.

7.5 **Improved Services**

7.5.1 The closure of other offices in Norwich has led to the co-location of services sharing administration, support and public access facilities. This also has provided the opportunity for greater integration of services with improved communications and closer team working between services.

7.6 **Environmental: - Energy Saving Improvements**

7.6.1 As part of the refurbishment works the building fabric has been improved, significantly increasing thermal efficiency. For the main tower, new insulated curtain walling complete with double glazed windows and draught sealing has been installed, along with roof insulation. Previously there was no insulation present, which together with poor draught sealing resulted in heat loss during the winter and heat gain over the summer.

7.6.2 For other areas of the building where new curtain walling and windows have not been installed, thermal efficiency has been improved where possible. Works to these areas have included repairs to existing windows, followed by draught sealing and in some areas application of a thermal/solar window film. Other improvements include roof insulation and internal wall insulation within the south wing ground floor.

7.6.3 Mechanical and electrical services have been renewed throughout the building, improving heating efficiency and introducing comfort cooling where possible. Within the tower the work has included heat recovery, using 4 large heat wheels as part of a new ventilation system. The heat wheels transfer up to 70% of the heat from the extracted air to the incoming fresh air, improving efficiency of both the heating and cooling functions. Additionally new fans within the ventilation system are considerably more energy efficient than the old units. For the non-tower areas heating will be provided by hot water generated by gas boilers. The old boilers had a capacity of 5MW however due to the efficiency measures implemented new boilers are only required to have a 1MW capacity. Furthermore the old boilers were assessed as being only 60-65% efficient, where new boilers will be approx. 95% efficient. The overall impact of the improvements made to both thermal performance and plant efficiency will therefore reduce gas usage within the building by up to 80% from historic levels. As work progressed it became apparent that over 50% of the underfloor heating system with the main reception area had failed. New radiators were therefore installed, linked to the new gas boilers.

7.6.4 The new lighting installed within the refurbished areas is an LED system, linked to both movement and daylight sensors. The daylight sensor is located on the roof of County Hall and tracks light levels by direction, therefore if the sun is to the east, light levels will be adjusted to dim lights more on the east side of the building. The system is designed to maintain a constant light level at the desk by dimming lights as required, therefore the dimming is not really noticeable as light levels remain constant. The dimmed lights can use as little as 10% of the energy needed to fully power the light fitting and will turn off eventually when daylight levels are particularly strong. For the movement sensors a 20 minute delay is in place before lights will switch off. Typically each LED light fitting will use approx. 30-50% of the energy used to power the old fluorescent lights, therefore taking all of the improvements into consideration the new lighting system is estimated to save over £50k per year. Additionally LED lights will not degrade over time in the same way as fluorescent lights, maintaining the desired light levels and have a longer operational life, therefore reducing future maintenance costs. Additionally some of the external lighting has been replaced with LED fittings as part of the works.

7.6.5 Other improvements include a new building management system (BMS) which allows constant monitoring of building systems, enabling efficiencies to be maintained and a quick response to maintenance needs. Solar panels have been installed on the south wing roof, which will provide approx. 40,000kW of electricity per year as well as provide the County Council with a return on the investment. Energy efficient hand dryers have been used within all refurbished toilets along with improvements to the hot water supply to kitchen and toilet areas.

7.6.6 The combined impact of all the energy saving measures will be an estimated financial saving in excess of £250k per year and a reduction in the Councils carbon footprint by over 1,200 tonnes CO_2.

7.7 **Local Listing**

7.7.1 The importance of County Hall has been recognised in in the local list of buildings of local architectural and historic importance adopted by Norwich City Council in 2014. Buildings included in the local list are valued locally but are not of sufficient importance to warrant national statutory listing (grade I, II* &II).

7.7.2 Placing County Hall on the local list does not give the building any additional legal protection, however, the value of a locally identified heritage asset will be a material consideration in determining planning applications. This is only likely to be of significance if in the future the County Council wished to demolish or significantly change the building. In such a case, the benefits of retaining a local heritage asset will be weighed against other material considerations and will either result in the retention or conversion of the building, or appropriate measures of mitigation such as recording and heritage interpretation.

8 **Main Issues and Challenges**

The repair and refurbishment of County Hall was a complex building project and since starting work on site, a number of previously unknown issues were identified and details of the most significant are shown below.

8.1 <u>Completion of the Lower Concourse</u>

8.1.1 The intention was for this work to be undertaken during the Summer/Autumn of 2015, however the works suffered a number of delays, resulting in completion of the scheme on 29th April 2016. Initially demolition works were instructed in July 2015, however as the old paving was removed it became apparent that drainage details required a redesign due to unknown variances in levels, causing a delay before the next stage of construction could commence. The Contractor resumed construction works after completing the demolition during September, however experienced difficulties in phasing the works due to the need to maintain access into the main reception at all times, which contributed towards the overall delay.

8.1.2 The Contractor experienced a number of problems obtaining materials, in particular the supplier of the main steps suffered a breakdown of their milling machine located at their factory, resulting in manufacturing and supply delays. The steps are measured and cut to size at the factory to include nosing and tread detailing, additionally the stone material has a lengthy lead in time, making it difficult to revert to an alternative supplier. A complication with the design was that the existing upper concourse did not have an adequate drainage system with sufficient falls, therefore it was necessary to specify a steel drainage channel system as part of the drainage redesign, which is manufactured to order with lengthy lead in times prior to delivery to site, contributing to the delay. The waterproofing system used is a water based product and requires dry weather to set after application, therefore some delays were attributable to weather as the contractor had to wait for a dry window as well as apply the material in phases, necessary to accommodate pedestrian access routes. Additionally it was not possible to lay paving using machine laying plant on the upper concourse due to weight restrictions and structural concerns, which would have reduced the timescale of the paving works. The contractor's revised programme indicated a completion date during January 2016 which was not achieved for the reasons noted above. It is unfortunate that this work package suffered delay in this way, which is untypical as almost all other work packages have been delivered on time. The cost of works was not increased due to the delay as all contractors prelims were accounted for within the overall project timescale.

8.2 Reception and Upper Concourse

Works to refurbish the main reception and repair the upper concourse were also planned to commence over the summer of 2015 to minimise disruption. Two issues were faced which led to a delay in completing all of the works. Firstly, on receipt of the tenders there was a delay in agreeing an acceptable cost for the ground work package. Secondly, an extended period of wet weather delayed the application of the waterproof coating to the upper concourse. These issues had to be resolved before the lobby construction could commence. Whilst this delayed the works, a functional reception area was made available from 2nd November. Other issues faced, included; identifying an acceptable method to core drill through the floor slab, which contains asbestos around the old underfloor heating; unblocking 12 of the rainwater downpipes contained within the structural columns; carrying out modifications and penetrations through the marble facings within the reception area and maintaining a permanent unblocked access to NCC staff using the lifts and chambers areas throughout the works. A further reason for the prolonged work was a decision to fully refurbish the southern mezzanine floor and replace the failed underfloor heating system, both increasing the scope of the planned work within the reception area.

8.3 Concrete carbonisation

This was evident at the perimeter of each slab within the tower where weather had penetrated around the tiled facade into the concrete. Localised repairs along with an applied treatment were carried out to prevent further decay. The new cladding system offers further protection to the concrete frame. Generally the concrete frame was in better condition than first anticipated, with only minor localised repairs required.

8.4 Asbestos

Planned asbestos identification and removals has been undertaken at each stage of the works, however within the tower additional asbestos material used to pack out windows and trim details was identified, buried within the concrete structure, which had to be removed as part of the process to remove old windows. The removal process involves a 14 day notification period to the Health & Safety Executive (HSE) prior to works starting on site by a specialist removal contractor. Costs for this item have been contained within the project allowance for asbestos removals. Other instances of unplanned asbestos being found have occurred, resulting in delays, however this has not impacted on the overall programme and has had a relatively minor impact. To date there have been no reportable incidents of an uncontrolled asbestos release resulting from the works. .

8.5 Poor condition of drainage system and cold water supply

Following a detailed survey of the drainage system within the tower it was necessary to replace large sections of vertical pipe work, similarly the internal cold water has been renewed as the existing pipe work was severely pitted and worn.

8.6 Back propping for scaffold

The extent of propping required, necessary to provide structural support to the scaffold system around the tower was considerable. Locating suitable positions for the props was particularly challenging due to the lower areas being in use and occupied.

8.7 Noise generated from removal of tiles and drilling

Due to the building being occupied for the duration of the refurbishment project the risk of disruption to building occupants was high. A number of noisy activities had to be restricted to take place before 8.30am and at weekends, which resulted in additional labour costs for out of hours working. This cost has been contained within the project contingency allowance. Other works involving planned noisy activities were scheduled to take place outside of normal office hours within tender information. .

8.8 Leaks

A number of minor leaks within the building occurred as a result of roofing works, however no significant damage has occurred and in each case once the new waterproofing was fully applied the leaks stopped. A major leak occurred from the new sprinkler system, impacting on several floors within the tower. However, no significant damage occurred and a number of improvements were made to reduce the risk of a re-occurrence.

8.9 Fire Alarms

With three different systems in the building during the course of the project, there were a number of incidents where false alarms were triggered. The installation of the new single fire alarm will reduce the chances of false alarms in the future.

8.10 Power Shutdowns

In order to improve and replace old electrical systems, it was necessary to have a number of shutdowns on the site. All the planned shutdowns were out of hours and at weekends and most were partial. The small number of full shutdowns required were also used as an opportunity to address some weaknesses in the supply to ICT systems and to improve ICT resilience.

9 **Financial Implications**

9.1 The overall repair and refurbishment programme entailed capital expenditure of £33.45m. This included £2.5m of funding relating to the fire safety and security works which following a recommendation by Cabinet, was approved by the County Council on 17th February 2014. It also includes £3.74m of available CERF funding for energy efficiency improvements.

9.2 A successful application was made for a SALIX loan in support of energy saving measures. The loan of £409k is interest free over 5 years and provides a benefit of approximately £80k in reduced interest payments.

9.3 The expenditure detailed in table 1 (para 4.2) and Appendix 2, falls within the parameters of the Annual Budget agreed by the Council and the Executive Director of Finance has confirmed the financial implications.

10 **Management of risks**

10.1 The following key risks were identified in respect of the overall programme of works:-

- Disruption
- Asbestos
- Flooding
- Budget

10.2 The programme has a comprehensive risk register which was monitored, updated and reviewed by the project team and was also presented to the County Hall Programme Board. The Board reviewed the actions taken, escalated issues as appropriate, authorising and instructing the project team as required. The final risk register for the programme does not contain any items where the status has been assessed as red.

11 **Other Resource Implications**

11.1 The other key resource implications of the County Hall Programme are summarised below.

11.2 **Staff**

11.2.1 There was an impact on staff as the maintenance works was mainly undertaken during office hours. There was some disruption as teams were moved within the building and from offices elsewhere in Norwich. There were also implications for staff as they moved to new and more flexible ways of working. To support this there was an organisational development stream within the work programme that helped make the changes needed to fully release the benefits from new ways of working.

11.3 **Property**

11.3.1 Completion of the maintenance programme and other works provides a modern fit for purpose office suite for the next 25 years. This enables the council to rationalise the use of office accommodation in the Norwich area thereby delivering an important element of the overall office accommodation strategy

11.4 **Environmental implications**

11.4.1 A key objective of the maintenance programme was to improve the energy and water efficiency of County Hall. This has reduced cost and carbon emissions to help the council achieve its carbon reduction commitment.

11.4.2 Where possible construction materials were reused and the Site Waste Management Plan addressed the safe disposal or recycling of wastes resulting from the construction works. For new materials specifications considered future recycling opportunities.

11.4.3 Old office equipment and furniture that could not be re-used was disposed of in a number of ways. Items that had monetary value were traded in against the cost of new units. Remaining items were offered in the first instance to voluntary organisations. Any remaining items were recycled in an environmentally sensitive manner at no cost to the Council by the furniture supplier.

11.5 **ICT**

11.5.1 The ICT implications were addressed through the Digital Norfolk Ambition (DNA) programme. There was a key dependency on DNA to provide the ICT infrastructure that supported more flexible ways of working.

12 **Other Implications**

12.1 **Equality Impact Assessment (EqIA)**

12.1.1 An EqIA was undertaken which identifies a range of equality issues that needed to be considered as part of the proposal to ensure that the building is accessible through the life of the project (25 years). The council's Equality and Cohesion Officer was consulted as a significant stakeholder in the project to ensure relevant issues were taken into account.

12.2 **Health and Safety Implications:**

12.2.1 A significant part of the maintenance project provided improvements to address health and safety risks that related to the building, in particular those relating to fire, electrical, and environmental comfort. The Health Safety and Well-being Team formed part of the consultation process as major stakeholders in the design of all aspects of the building as well as the construction related risks more generally. They were also involved in the design and selection of the internal fit out for the building to ensure preventative measures relating to health risks such as musculoskeletal disorders were taken into account.

12.2.2 With work being undertaken in an occupied building, during the course of the programme there were a number of issues that arose relating to disruption caused by dust and noise. The Health Safety and Well-being Team had a key role in addressing staff concerns and in advising on the mitigating measures needed to alleviate the problems. In addition the team also had an important role in ensuring that the health and safety standards of all contractors working on site met the Council's requirements and standards.

12.3 **Any Other implications**

Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

12.4 **Section 17 – Crime and Disorder Act**

12.4.1 Security implications of the changes to the building and in particular the potential changed use of the building, and therefore the potential broader spectrum of visitors and clients was considered in the design of public areas and the security to employee areas.

13 **Conclusion**

13.1 This has been a complex and challenging project that has been delivered successfully within the available budget. Undertaking such major works in an occupied building proved to be an ongoing challenge throughout the life of the project. This required balancing the need to make good progress in line with programme deadlines, with the operational and business needs of the Council. This needed flexibility and collaborative working in the management of the project by the NCC project team, NPS and the Contractor. In addition the patience, resilience and understanding shown by Members and staff has been a credit to the Council and is also a key factor in the successful delivery of the project.

14 Action required

14.1

a. To consider and comment on the completion of the programme
b. To commission a further report on future planned maintenance at County Hall.

Background Papers

Appendix 1: Timeline for the County Hall Programme

Appendix 2: County Hall Programme Budget Update

- Report to Cabinet 9th July 2012: Norwich Office Accommodation – County Hall

http://www.norfolk.gov.uk/download/cabinet090712item16pdf

- Report to CROSP 3 September 2013: County Hall Maintenance Programme (Page. 89 – Item no. 12)

http://www.norfolk.gov.uk/download/carp030913agendapdf

- Report to CROSP 12 November 2013: County Hall Maintenance Programme (Page 31 – Item no. 11)

http://www.norfolk.gov.uk/download/carp121113agendapdf

- Report to CROSP 10 March 2014: County Hall Maintenance Programme (Page 16 – Item no. 8)

http://www.norfolk.gov.uk/download/carp100314agendapdf

- Report to Policy & Resources Committee 1 December 2014: County Hall Maintenance Programme (Page 238 – Item no.11)

Policy & Resources Committee 1 December 2014

- Report to Policy & Resources Committee 30 November 2015: County Hall Programme (Page 167 – Item no. 10)

Policy & Resources Committee 30 November 2015

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

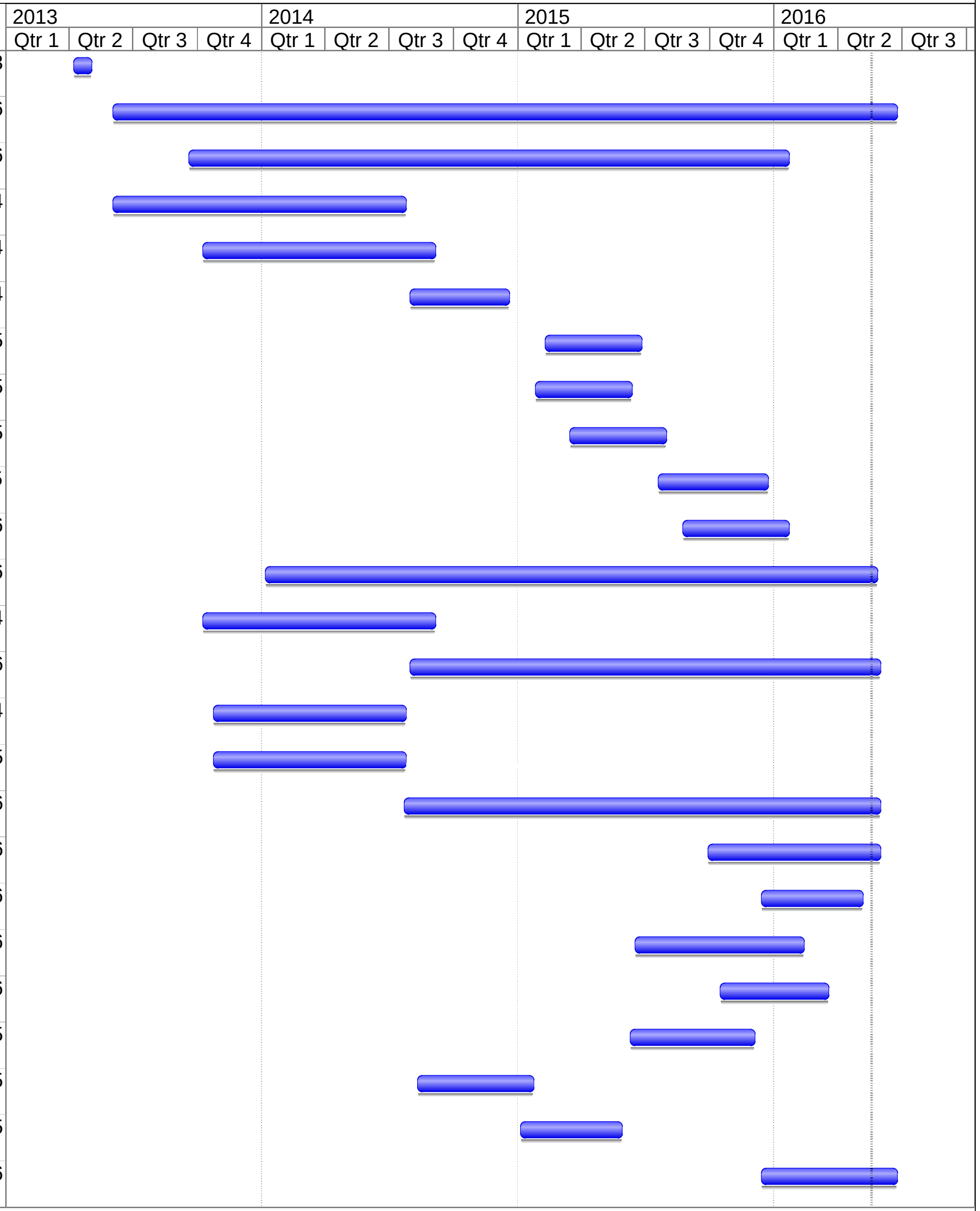
Officer Name:	Tel No:	Email address:
Mick Sabec	223499	mick.sabec@norfolk.gov.uk

IN TRAN communication for all

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

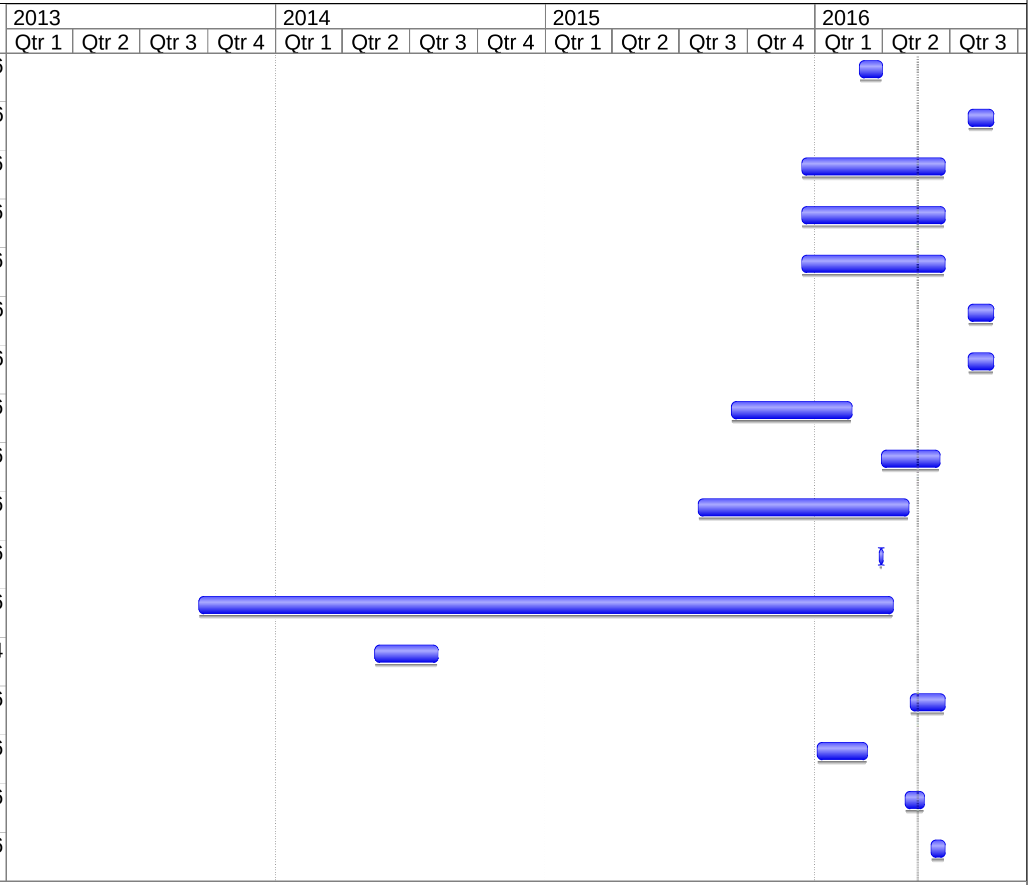
Appendix 1: Timeline for the County Hall Programme

ID	Task Name	Start	Finish
1	Establishment of Contractors Site Compound	Mon 08/04/13	Fri 03/05/13
2	Scaffolding	Mon 03/06/13	Fri 24/06/16
3	Tower Floor 9 (Plant Room)	Thu 19/09/13	Fri 22/01/16
4	Tower Floor 8	Mon 03/06/13	Fri 25/07/14
5	Tower Floor 7	Wed 09/10/13	Fri 05/09/14
6	Tower Floor 6	Thu 31/07/14	Fri 19/12/14
7	Tower Floor 5	Mon 09/02/15	Fri 26/06/15
8	Tower Floor 4	Mon 26/01/15	Fri 12/06/15
9	Tower Floor 3	Mon 16/03/15	Fri 31/07/15
10	Tower Floor 2	Mon 20/07/15	Wed 23/12/15
11	Tower Floor 1	Mon 24/08/15	Fri 22/01/16
12	External Curtain Wall System (Tower)	Mon 06/01/14	Fri 27/05/16
13	Staircases floors 9 to 7	Wed 09/10/13	Fri 05/09/14
14	Staircases floors 6 to Basement	Thu 31/07/14	Tue 31/05/16
15	Roof Area (Floor 9)	Thu 24/10/13	Fri 25/07/14
16	Roof Area (Floor 8)	Thu 24/10/13	Tue 14/04/15
17	Roof Area (South Wing) Inc Solar PV	Wed 23/07/14	Tue 31/05/16
18	Roof Area 10 (Lower Ground - East)	Tue 29/09/15	Tue 31/05/16
19	Roof Area (Rear Terrace) Inc Lighting	Mon 14/12/15	Fri 06/05/16
20	Roof Area 7 (Chamber Suite)	Wed 17/06/15	Fri 12/02/16
21	Mezzanine (South End)	Fri 16/10/15	Fri 18/03/16
22	Main Reception	Wed 10/06/15	Fri 04/12/15
23	Ground Floor (South Wing)	Mon 11/08/14	Fri 23/01/15
24	Shower Suite (Lower ground)	Mon 05/01/15	Fri 29/05/15
25	Toilets / Kitchens Areas (Basement & Lower Ground)	Mon 14/12/15	Fri 24/06/16



Appendix 1: Timeline for the County Hall Programme

ID	Task Name	Start	Finish
26	Kitchen (Members Lounge)	Tue 01/03/16	Thu 31/03/16
27	Toilet (Edwards Room)	Tue 26/07/16	Mon 29/08/16
28	Corridor Lighting (Basement)	Mon 14/12/15	Fri 24/06/16
29	Fire Alarm - (Lower Ground & Basement)	Mon 14/12/15	Fri 24/06/16
30	Decorations - (Lower Ground & Basement)	Mon 14/12/15	Fri 24/06/16
31	Fire Alarm (Council Chambers)	Tue 26/07/16	Mon 29/08/16
32	DDA Improvements to Chambers Rooms	Tue 26/07/16	Mon 29/08/16
33	Boiler Room - New Boilers & Strip Out	Thu 10/09/15	Fri 19/02/16
34	New Comms Room - B34 (Basement)	Thu 31/03/16	Fri 17/06/16
35	Front Forecourt/Concourse / Car Park & Footpaths Lighting	Mon 27/07/15	Fri 06/05/16
36	Car park Surfacing (Visitor Car Park)	Mon 28/03/16	Fri 01/04/16
37	New Transformers (TX1 & TX2) & Earth nest	Thu 19/09/13	Fri 15/04/16
38	Fire Escape (Basement South Elevation)	Thu 15/05/14	Fri 08/08/14
39	Fire Escape (Basement East Elevation)	Mon 09/05/16	Fri 24/06/16
40	Window Repairs (Lower Ground, Basement & North Wing)	Mon 04/01/16	Fri 11/03/16
41	Fall Arrest System for Lower Levels Faience Tiles	Mon 02/05/16	Fri 27/05/16
42	Removal of Contractors Compound	Mon 06/06/16	Fri 24/06/16



Appendix 2

County Hall Programme Budget

Element	Items		Budget	Expenditure to Date	Estimated Outturn	Balance
Site Set up	Initial site set up					
	Prelims 2013/14 - 2015/16					
	Lift/hoist access					
		sub total	2,390,000	2,289,300	2,311,800	78,200
External tower	Tower cladding					
	Tower shell strip 1-8					
	Tower roof					
		sub total	6,951,000	6,775,400	6,856,800	94,200
Internal tower	Tower security					
	Asbestos removal 1-9					
	Demolition 1-8					
	Tower plant strip & M&E					
	Sanitary risers and cores					
	Tower fit out					
	Tower stairs					
	Document lift					
	Fire misting & fire management					
		sub total	11,354,200	10,991,700	11,130,600	223,600
South wing	South wing roof					
	South wing PV					
	South wing asbestos removal					
	South wing demolition					
	South wing fit out (incl MEP)					
	South wing window repairs					
		sub total	2,185,000	2,100,000	2,196,900	- 11,900

Element	Items	Budget	Expenditure to Date	Estimated Outturn	Balance
Other areas	Fire exits				
	Window repairs				
	Faience repairs/Fall Protection				
	LV/HV electrical upgrades				
	Reception & Mez rooms				
	Shower suite				
	Concourse waterproofing				
	Car park works				
	Council chamber DDA				
	ICT cabling				
	Fire safety works				
	Lower Ground & basement:- kitchens, toilets, local asbestos removal & repair/maintenance				
	Rear terrace				
	Other Roof Areas				
	East elevation roof over L.G. Floor				
	Stair Pressurisation Works				
	Boiler replacement				
	Additional Preliminaries for completion				
	Energy Display Screens				
	Fire Alarm Other Areas (Excluding North Wing, Kitchen and Canteen Areas)				
	Fire Alarm Asbestos Works				
	Forecourt Car Park				
	Car Charging Points				
	North wing window draft proofing				
	Re-decoration & works in other areas (Basement & Lower Ground)				
	sub total	6,855,200	5,016,400	7,309,300	- 454,100
Furniture & Equipment	Furniture, equipment & Wifi infrastructure	971,100	784,100	785,900	185,200
Fees, surveys & insurance		2,743,500	2,577,200	2,743,500	
	Total	**33,450,000**	**30,534,100**	**33,334,800**	**115,200**

Policy and Resources Committee

Item No 21

Report title:	**Decisions taken under Delegated Authority**
Date of meeting:	**31 May 2016**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

It is important that there is transparency in decision making processes to enable Members and the public to hold the Council to account.

Executive summary

This report sets out decisions taken in relation to property matters by officers under the scheme of delegation and "hierarchy of decision making" since the report to your last meeting.

Recommendations: To note the report.

1. Proposal

1.1 This report sets out "for information" decisions taken by Officers in relation to delegated matters and property matters under the "hierarchy of decision making". Appendix A sets out the property decisions made.

2. Evidence

2.1 Property Decisions are set out in Appendix to this report. In addition, one delegated decision is reported below:

Subject:	**NDR Land Acquisition**
Decision taken:	To purchase land needed for the NDR scheme
Taken by:	Executive Director of CES, in consultation the Corporate Property Officer, Executive Director of Finance, County Council Leader and Chair of EDT Committee. Note that P&R Committee previously agreed that all NDR land acquisition decisions could be taken by those set out above, condition on the costs remaining within the NDR land element budget. This purchase has been made within this budget
Taken on:	18 March 2016
Contact:	David Allfrey, 0344 800 8020

3. Financial Implications

There are no direct financial implications flowing directly from members noting this report. However the delegated decisions themselves often have significant financial implications, for example capital receipts from the sale of land/property.

4. Issues, risks and innovation

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

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

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Chris Walton	01603 222620	chris.walton@norfolk.gov.uk

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Property Decisions taken under Delegated Powers **Appendix A**

Property	Decision	Cost	Income
Reepham Fire Station	Lease of car parking spaces to The Original Cottage Company Ltd		£3,500 rising to Market Rate after 12 months
Southery Primary School	125 year leases to Academy Trusts		Peppercorn
Norwich St Augustine's school	125 year leases to Academy Trusts		Peppercorn
Great Yarmouth St Mary's school	125 year leases to Academy Trusts		Peppercorn
Walpole Cross Keys Primary School	125 year leases to Academy Trusts		Peppercorn
Land & Buildings at Motum Road, Norwich.	Early Lease surrender by City Council and proposed use by Norfolk County Council	£7,700 rent foregone by accepting early surrender	
Norwich Henderson Green Primary School	125 year leases to Academy Trusts		Peppercorn