

Policy and Resources Committee

Minutes of the Meeting Held on Friday 5 September 2014
10:00am Edwards Room, County Hall, Norwich

Present:

Mr G Nobbs (Chair)

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

Mrs S Gurney
Mr D Harrison
Mr S Morpew
Mr A Proctor
Mr D Ramsbotham
Mrs A Thomas

Substitute Members Present:

Mr B Iles for Mr T FitzPatrick
Mr W Richmond for Mrs J Leggett
Mr B Watkins for Dr M Strong

Other Members Present:

Mr B Borrett
Mr R Coke
Mrs M Somerville
Mr R Smith
Mr P Smyth
Ms S Whitaker

1. Apologies

- 1.1 Apologies for absence were received from Mr T FitzPatrick, Mrs J Leggett and Dr M Strong.

2 Minutes

The minutes of the previous meeting held on 14 July 2014 were confirmed by the Committee and signed by the Chairman.

3 Declarations of Interest

- 3.1 Mrs S Gurney declared "an other interest" in that her son was employed by NORSE Commercial Services.

4 **Items of Urgent Business—to receive a Chairman's Announcement regarding the termination of the energy from waste contract.**

- 4.1 The Chairman read out a prepared statement that pointed out that as a consequence of Secretary of State, Eric Pickles' failure to make a decision on the Willows application, the Council was well aware that the result of terminating the energy from waste contract would require the Council to pay compensation. Before the contract was terminated the Council had begun to build up a financial reserve to meet this cost. A payment was recently made by the Council at a figure that was considerably lower than the £20.3m (ceiling figure) the Council had previously reported, and expected, it would have to pay. This followed an assessment and scrutiny by officers of all the information put forward to justify any payment.
- 4.2 Mrs Thomas asked for Members' appreciation to the officers for in the way in which they had handled this matter to be placed on record.
- 4.3 Mr Dobson asked for it to be recorded in the minutes that he did not share the view expressed by the Chairman that the Secretary of State had failed in some way to exercise his duty. Mr Dobson also added that he did not wish to place on record his thanks to the officers for the way in which they had dealt with this matter.

5 **Local Member Issues**

- 5.1 A local member question that was received from Mr T Garrod and the reply that was provided by the Chairman can be found at Appendix A to these minutes.

6 **2014-15 Revenue Budget Monitoring Report—Month 3**

- 6.1 The annexed report (6) by the Interim Head of Finance was received.
- 6.2 In the course of discussion the following key points were made:
- The information included in the report was the most up to date at the time when the agenda was published. Since the publication of the report there had been a reduction in the Council's revenue expenditure which was now forecast to be overspent by approximately £1m on a net budget of £308.397m.
 - A further update report on the revenue budget would be presented to the Committee at the end of September 2014.
 - The Interim Head of Finance was asked to differentiate in future reports between efficiency savings that arose from the Council finding new and cheaper ways of doing things and efficiency savings that arose from structural changes in service department budgets.
 - It was pointed out that the figure of £6m in the budget for agency and contractual services (that could be found at table 3a on page 19 of the agenda papers) was subject to continual changes in demand for these services and demographic pressures. The Interim Head of Finance said that specific text to explain the reasons for this budget overspend and what was included in this budget heading would be included in future revenue budget monitoring reports.
 - It was pointed out that where the report included projected figures these should be viewed as providing only an indication of where the Council was

at any given point in time in the financial year.

- The Council was exceeding its performance target for the number of invoices for commercial goods and services that were paid within 30 days. This was partly because most of the invoices were dealt with by way of an automated process. Further commentary about the process for the payment of invoices would be made available to Members after the meeting and in the next budget monitoring report.

6.3 **RESOLVED**

6.4 That the Committee note:

- Revenue expenditure was forecast to overspend by £1m on a net budget of £308.397m.
- General Balances were forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.
- The Council had earmarked revenue reserves forecast to be £57.298m at 31 March 2015. The Residual Waste Treatment Contract Reserve, currently £21.9m following payments of £11.8m in July 2014, (and does not reflect the further payments made after the period of this report, which were taken into account in the update by the Leader, at minute 4.1, of the most recent position) was forecast to be fully exhausted as a result of contract termination. The Council separately held Reserves in respect of Schools estimated to be £36.469m at 31 March 2015.

7 **2014-15 Capital Monitoring Report - Month 3**

7.1 The annexed report (7) by the Head of Planning Performance and Partnerships was received.

7.2 Following a brief discussion it was

RESOLVED-

7.3 That the Committee:

- note the revised expenditure and funding of the 2014-17 capital programme and the changes which had occurred following the position reported in July 2014, as set out in Section 1 of Annex A to the report.
- note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A to the report.
- note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A to the report and further detailed in Appendix 4 to the report
- note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 1 to the report
- approve an additional £0.200m prudential borrowing as part of a spend to save scheme to move adult social care services from Holt to Sheringham and enable the sale of property estimated at £0.650m.

8 **Strategic and Financial Planning 2014-17-Setting the Budget and Developing the County Council Plan for 2015/18**

8.1 The annexed report (8) by the Head of Planning, Performance and Partnerships and Interim Head of Finance (that was included with the supplementary agenda) was received.

- 8.2 During consideration of this item the Committee received a presentation from the Head of Planning, Performance and Partnerships on the impact of efficiency savings to date, the work that was underway, and potential future activity. The presentation can be found on the Committee pages website.
- 8.3 In the course of discussion the following key points were made:
- It was noted that the approach which the Clinical Commissioning Groups were likely to take in their discussions with Local Authorities about the use of monies from the Better Care Fund was expected to be the subject of an announcement from the Government at the end of October 2014, based on advice from NHS England.
 - The most significant financial risks, or areas of concern, that the Council faced were mentioned in paragraph 4.4 of the report. No risk figures had been included in the first of the bullet points of this paragraph. This was because during the financial year the Council's position in relation to these risks was known to vary significantly from one month to the next.
 - The Council had learnt a great deal from the extensive budget consultations with residents and stakeholders that had taken place over the last four years. The latest approach to budget setting and developing the Council's Plan for 2015/18 would enable residents, stakeholders and staff to follow and to contribute to the budget debate on the Council's website as it developed. As in previous years, businesses in Norfolk would be given every opportunity to be involved in the consultation process.
 - The budget setting would take into account the Council's rural impact proposals and include discussions with the Rural Community Council.
 - It was acknowledged that uncertainty around areas of expenditure such as Post 16 transport might cause difficulties for some people in planning their own budgets.
 - When the Committee next reviewed its budget it needed to be given an opportunity to examine the efficiency with which procurement work was undertaken by the Council.
 - Members had differing views as to the appropriateness or otherwise of providing officer support to an "alternative" budget. The Managing Director stated that Officers' first priority would be to support the agreed Council's budget preparation process. Some Members stated they hoped that as in previous years there would be an opportunity for all Spokespersons to seek advice from the Interim Head of Finance should they wish to do so.
- 8.4 The Committee noted the work that had been done in the past by a Budget Efficiencies Working Group under the Chairmanship of Mr Coke and it was moved by Mr Adams, duly seconded, that a similar arrangement should be put in place for the current round of strategic and financial planning.
- 8.5 In the course of debate, the Chairman suggested that rather than establish a Working Group, the Deputy Leader of the Council and the Chairs of Service Committees should meet to consider the Council's approach to efficiency. The Chair said that he would be willing to accept a suggestion from other Members of the Policy and Resources Committee that this approach should also include the Chairman of Economic Development Sub-Committee.
- 8.7 **RESOLVED** (by 9 votes to 6 and with one recorded abstention):

That the Deputy Leader of the Council chairs a group consisting of the Chairs of Service Committees including the Chairman of Economic Development Sub-Committee to consider the Council's approach to its efficiency strategy.

8.8 It was then moved by Mr Dobson, duly seconded,

To ask relevant officers in co-operation with service heads and service committees, in the context of the forecast additional funding shortfall of £17.5m overall, to consider and bring forward proposals under the following headings:

- Better procurement and commissioning
- Better ways of working –emphasis on opportunities for improved productivity
- Income generation.

8.8 On being put to the vote it was (by 9 votes to 6) **RESOLVED—** Accordingly.

8.9 It was then further **RESOLVED-**
That the Committee:

- Agree the framework and process for the County Council Plan and budget as set out in the report.
- Note the revised financial forecast, and adopt as a basis for budget planning in 2015/16 a further reduction in the Council's overall spending of £17.5m.
- invite each Committee to consider and comment upon the ambition and priorities as set out in section 5 of the report.

CHAIRMAN



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APPENDIX A

Question from Mr Tom Garrod:

I am sure the Leader of the Council agrees it is necessary that residents local to former RAF Coltishall are kept up to date with developments on the site rather than having to read about it in the press. Will he undertake to ensure all future news of potential development is communicated to CLRG and local Members ahead of going to the media?

Answer:

It has always been our intention that all communications about events and potential developments at the former airbase are shared with members of the Community Liaison Group, which includes all local members, before statements are issued to the press. I am aware of the concerns about the timing of announcements made about Vitromite, which is a new business hoping to set up a production facility in one of the hangers making products for the construction industry using recycled glass. Officers assure me that steps have been put into place to strengthen our arrangements by changing the protocol used to issue statements about Coltishall.

Going forward, notifications to the Community Liaison Group will be sent out when prospective tenants submit their planning proposals to the relevant District Council. Press Releases will remain at the time the planning applications are validated. In most cases this will mean that members of the liaison group will get to hear about any developments days in advance of the press, and in some cases, where validating an application is more complex, they will know weeks in advance. I trust this will go a long way to addressing the concerns expressed and mitigate any harm caused by the recent administrative error.

