

Policy and Resources Committee

Date: **Tuesday 1st September 2015**

Time: **10 am**

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

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

Membership

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Monson

Mr S Morpew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

**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

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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 20 July 2015.

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. 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 26 August 2015**

Section A – Items for Discussion and Decision/Action

- 6A 2015-16 Finance Monitoring Report June 2015** (Page 21)
Report by Executive Director of Finance
- 6B Delivering Financial Savings 2015/16** (Page 52)
Report by Executive Director of Finance
- 7 Strategic and Financial Planning 2016-17 to 2018-19** (Page 78)
Report by Executive Director of Finance
- 8 Staff Car Parking** (Page 87)
Report by Executive Director of Finance
- 9 Re-Imagining Norfolk – Update** (Page 91)
Report by Managing Director

Section B – Item for Report

- 10. Norse Group Annual Report 2014-15 and Trading Update** (Page 100)
Report by the Managing Director of the Norse Group Ltd

Section C – Exempt Minutes

- 11. Exempt minutes of the previous meeting held on 20 July 2015** (Page 107)

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
Norwich
NR1 2DH

Date Agenda Published: 21 August 2015



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Policy and Resources Committee

Minutes of the Meeting Held on Monday 20 July 2015

10:00am Edwards Room, County Hall, Norwich

Present:

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mrs J Leggett
Mr I Monson

Mr S Morpew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas

Substitute Members present:

Mr T Adams for Mr C Jordan

Mr T White for Mr M Wilby

Other Members Present:

Mr R Coke
Mr J Joyce
Mr P Smyth
Mr J Timewell
Ms S Whitaker
Mrs C Walker

1. Apologies

- 1.1 Apologies for absence were received from Mr C Jordan and Mr M Wilby.

2 Chairman's Announcements

- 2.1 The Chairman placed on record the condolences of all Members of the Council regarding the sad death of Cllr Derek Blake.
- 2.2 The Chairman also placed on record the Committee's best wishes to Cllr Joe Mooney for a speedy recovery following his car accident of two weeks ago.
- 2.3 The Chairman reported that NPS enjoyed a successful evening at the Norfolk Association of Architects Awards with four local schemes being recognised. There

was also success for the Norse Group at the Eastern Region Constructing Excellence awards with all three of the following going forward to the national awards in October in London:-

1. Lydia Eva Court – won the Innovation category
2. Refurbishment of County Hall – won the value award (project which would deliver long term best value) jointly submitted with NCC
3. Architect Sarah Lewis picked up the Achiever of the Year Award

3A Minutes

- 3A.1 The minutes of the previous meeting held on 1st June 2015 were confirmed by the Committee and signed by the Chairman subject to minute 9 A5 being amended to end "...allocated to Adult Social Services transformational reserve."

3B Matters Arising

- 3B.1 Mr Borrett said that he had received a late response to his request (at minute 8.8 of the meeting of 1 June 2015) for a timetable for the completion of the DNA project and the impact that the delay in the completion of this project could have on the Council achieving its budget savings. He asked for the response that he had received together with the membership and terms of reference for the DNA Member Working Group (that was due to meet later in the day) to be made available to all Members of the Committee.

The Chairman confirmed that the membership of the Working Group was Councillors Roper, Jordan, Leggett, Morphew and Crawford and that the terms of reference would be provided to the Committee.

- 3B.2 In response to a question from Mr Monson concerning where responsibility should lie for the maintenance of the open space for recreational use that was mentioned at paragraph 15.4 of the minutes of 1 June 2015, the Chairman suggested that this matter should be examined by the County Farms Working Group.

4 Declarations of Interest

Item of Urgent Business: Good for Enterprise Outage-Service Failure 3 July 2015 to 14 July 2015

- 4.1 There were no declarations of interest.
- 4.2 The Chairman agreed that the Committee should take as urgent business a report from the Executive Director of Resources concerning the course of events that occurred between 3 July 2015 and 14 July 2015 when there was a failure of the Good for Enterprise service provided by Vodafone. This matter was urgent because the effectiveness of member communications was critically important to the running of the County Council.

- 4.3 The Committee was informed of the reasons for the failure, the sequence of events and the actions that were being taken to make sure that issues like this caused less disruption in future. Security had not been compromised as a result of the failure of the Good for Enterprise Service.
- 4.4 It was suggested that if such incidences were to occur in the future then Members should be informed by way of letter of the mitigating action that was being taken by officers to alleviate the situation and that a note should be placed on the County Council's website to inform members of the public that Councillors were currently unable to receive and respond to emails.
- 4.5 The Chair and Managing Director agreed to write jointly to Vodafone to seek an explanation for the difficulties that the failure of the Good for Enterprise Service had caused the County Council and to ask what steps Vodafone would be taking to mitigate against such an issue occurring again in the future.
- 4.6 The Chairman of the Communities Committee said that the Communities Committee would examine the business continuity issues that had arisen from the temporary failure of the Good for Enterprise Service.

5 Local Member Issues

- 5.1 There were no local Member issues.

6 Re-Imagining Norfolk – Service and Financial Planning 2016-19 for Policy & Resources.

- 6.1 The annexed report (6) by the Executive Director of Resources and the Executive Director of Finance was received. The Committee also received a presentation that provided detailed financial information on the development of savings options for those services for which the Committee was specifically responsible.
- 6.2 Members of the Committee asked to be provided after the meeting with details of the reduction in government grants to the County Council and cost pressures in the period between 2010 and the present day.
- 6.3 It was suggested that where Members of the public had concerns about a reduction in government grants to the County Council then they could take this matter up with the Norfolk MPs.
- 6.4 **RESOLVED** (by 8 votes in favour and 0 votes against and 9 abstentions) :

1. To note the framework and milestones for delivering Re-imagining Norfolk and the Council's multi-year financial strategy.
2. To agree the outcomes – or results – that the Committee plans to achieve in its own areas of responsibility in pursuit of the Council's priorities.
3. To commission executive directors to investigate potential models of 'services for the future', and prepare options of what these services could look like in three years' time, with 75% of addressable spend, for

consideration by the Committee in September 2015.

4. To note the detailed savings and service delivery options for the Finance and Resources directorates.

7A **Delivering Financial Savings 2015-16**

7A.1 The annexed report (7A) by the Executive Director of Finance was received. The Committee received a report that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.

7A.2 In reply to questions, the Executive Director of Finance stressed the importance of the County Council aiming to achieve a balanced budget at year end.

Mr Borrett asked for a written explanation about why the information set out at paragraph 3.1.6 of the report has not been included in the information provided in the written response about the timetable for the DNA project and the impact of any delays on the Council achieving its budget savings.

7A.3 The Committee heard that steps were being taken to increase the number of services to prevent children and young people from coming into care and in reducing the cost of looked after children (which was higher than for neighbouring authorities) by speeding up the procedures for placing children and young people with foster parents.

7A.4 It was suggested that where the County Council had significant financial pressures that it intended to take up with the Government then the LGA should be appraised of the situation and asked to provide their support.

7A.5 **RESOLVED** ((by 9 votes in favour and 0 votes against and 8 abstentions) to note:

1. The forecast total shortfall of £11.952m in 2015-16, for which alternative savings need to be identified;
2. The increase in the budgeted value of 2015-16 savings projects rated as RED to £18.682m, of which £7.302m are now forecast to be delivered; and
3. the forecast savings shortfall on AMBER rated projects of £0.572m.

7B. **2015-16 Financial Monitoring**

7B.1 The annexed report (7B) by the Executive Director of Finance was received. The Committee received a report 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.

7B.2 **RESOLVED:**

1. To note the period 2 forecast Revenue overspend of £12.386m (2014-15 outturn underspend £1.753m) on a net budget of £318.428m, as set out in

- an appendix to the report;
- 2. To note that officers were working towards delivery options to reduce the overspend;
- 3. To note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
- 4. To approve the virement of £0.5m from budgets to reflect lower than expected inflation rates, in order to fund £0.5m budget decisions to support Adult Social Care approved on 16 February 2015, as set out in the report;
- 5. To approve the write-off of one debt totalling £16,507.73 as set out in the report;
- 6. To note the revised expenditure and funding of the 2015-18 capital programme as set out in an appendix to the report;
- 7. To note the forecast financial information in respect of Resources and Finance budgets which were the responsibility of this Committee, as set out in an appendix to the report.

8 **The Role of “Administration” and “Opposition” under a Committee System**

8.1 The annexed report (8) by the Head of Law and Monitoring officer was received. The report set out the role of “Administration” and “Opposition” under a Committee System.

8.2 **RESOLVED:**

- 1. To endorse the present arrangement whereby the Managing Director has regular diarised meetings with the leader of the largest single political Group, in addition to his or her right to attend Group Leaders’ meetings;
- 2. To endorse the current arrangement whereby senior officers are available for political Group confidential briefings, in accordance with the member/officer protocol.

9 **Internal and External Appointments**

9.1 The annexed report (9) by the Executive Director of Resources was received.

9.2 **RESOLVED-**

That the Committee make the following appointments to those external and internal bodies listed below:

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)

Tom FitzPatrick
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

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)

Deputy Leader

1 Labour (Bert Bremner)

3 Conservative (Andrew Proctor, Tom FitzPatrick, Tony Adams)

1 Lib Dem (John Timewell)

1 UKIP (Michael Baker)

2. Member Support & Development Advisory Group (10)

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 - Colleen Walker (serves on the Norse Group Board, NPS Board and NCS Board).

4.NORSE Member/Officer Shareholder Committee (6)

- 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.NORSE Care Liaison Board (2)

Member Director of the NORSE Board (Colleen Walker) and the Chairman of Adult Social Care Committee (Sue Whitaker).

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

7. Strategic Equalities Group (6)

- Deputy Leader – Dan Roper
- 1 Lib Dem - Tim East
- 1 Conservative - John Dobson
- 1 Green - Elizabeth Morgan
- 1 UKIP – Jonathan Childs
- 1 Labour – TBA

8. Treasury Management Panel (9)

- 2 Labour - Bert Bremner, Emma Corlett
- 4 Conservative - Ian Mackie, Brian Iles, Cliff Jordan & Andrew Proctor
- 2 UKIP - Toby Coke, Michael Baker
- 1 Lib Dem - Brian Watkins

(The Committee agreed not to recommend to the Panel that it consider whether it has a continuing role. It was noted that the Panel might wish to consider the future requirements of its role and how often it needed to meet).

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

10 Extension of BT Contracts for NCC's Corporate Voice and Data Network and ancillary services

- 10.1 The annexed report (10) by the Executive Director of Resources was received.
- 10.2 The Committee received a report that requested an exemption to contract standing orders to extend the existing BT contract for voice and data services to enable a smooth transition to a new contract. The new contract was intended to reduce costs, support flexible working and deliver social value to the county.
- 10.3 It was confirmed that the date of 1 April 1999 in paragraph 5 of the report should be 1 April 2009.
- 10.4 In reply to questions, the Committee heard that the proposal was expected to be cost-neutral. During transition, spending each month on the extended contract would reduce whilst that on the replacement contract would increase.

10.5 RESOLVED:

To delegate to the Executive Director of Resources, subject to the satisfactory conclusion of negotiations, approval to extend the existing BT contract until 31 March 2017.

11 Norwich International Aviation Academy

- 11.1 The Committee received a report by the Executive Director of Community and Environmental Services (together with an appendix containing exempt information) (11 and 15) that set out a proposal for the County Council to use its borrowing powers to provide part of the finance to create a physical location for the Norwich International Aviation Skills Academy at a site within or close to the edge of Norwich International Airport, to be opened by September 2016. The key aims of the proposal were to create a facility of international importance that would accommodate many more training opportunities and provide more people (many of them local) with access to job opportunities in a national or international setting.
- 11.2 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 15 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.
- 11.3 Paragraph 3 concerned "information relating to the financial or business affairs of any particular person" (including the Authority holding the information).

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

The exempt appendix to the report covered the actual location of the proposed site; options for which were still subject to negotiation and which could be prejudiced if made public. In addition, it contained income projection information which was commercially sensitive and provided by third party training companies. This information could be used by competitor training organisations to the detriment of the Aviation Academy.

The public interest was therefore in excluding the press and public whilst the report was considered.

- 11.5 Members stressed the importance of creating a training facility that would create training opportunities and jobs for local people throughout the county.

11.6 **RESOLVED:**

To authorise a loan of £6.25m to the NORSE Group. The commercial structure of the loan would be agreed with the Executive Director of Finance, and be subject to the City Council agreeing to support the project, but it was anticipated that the loan capital and interest would be repayable over 30 years.

12 **Quarter 4 Performance and Risk Monitoring Report**

- 12.1 The annexed report (10) by the Executive Director of Resources was received. The Committee received a report that included a dashboard that provided a high level summary of some of the key performance issues for the Council, as identified through departmental management team and Committee performance reporting at Q4 2014/15.

- 12.2 Mrs Leggett asked for a note to be sent to Members of the Committee about the impact that e-book issues was having on library visits and whether website visits to e-books were recorded as library visits. Mr Coke said that the Environment, Development and Transport Committee would review the future funding of recycling centres at its meeting in September 2015. Mr Smith asked that when the proposed new reporting approach was brought to the Committee that it aligned “old” and “new” data to assist with continuity.

12.3 **RESOLVED:**

1. To note the performance information and analysis contained in the report.
2. To ask for an interim report from the Digital Norfolk Ambition Working Group to be presented to the Committee in three months. (The Committee also asked for the Working Group’s terms of reference and its membership together with a note on the timetable for the completion of the DNA project which had been prepared in response to a request from a Member that he had made at the June meeting to be sent to all Members of the Committee).

- 13 **Health, Safety and Well-Being Annual Report**
- 13.1 The Committee received a report that provided an overview of the activities of the Health, Safety and Well-Being Team during 2014/15, the NCC health and safety performance for 2014/15 and the forward plan for 2015/16.
- 13.2 **RESOLVED:**
- To note the Health, Safety and Well-Being Annual Report for 2014/15 and the actions outlined throughout the report and specifically the delivery strand.
- 14 **Proposed acquisition of land using compulsory purchase powers at London Road, Attleborough for a new primary School**
- 14.1 The Committee received a report by the Executive Director of Finance and the Interim Director of Children's Services (which contained exempt information) about the proposed acquisition of land using compulsory purchase powers at London Road, Attleborough for a new primary School.
- 14.2 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 report (at item 16 on the agenda) on the grounds that it involved the likely disclosure of exempt information as defined by paragraphs 3 and 6 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.
- 14.3 Paragraphs 3 and 6 concerned "information relating to the financial or business affairs of any particular person" (including the Authority holding the information).
- 14.4 Having applied the "Public Interest Test" it was **RESOLVED** to confirm the exclusion listed below:-
- The report dealt with both the Council's proposals to acquire a site for a new school by compulsory purchase and the negotiations and discussions that had taken place with the landowner to date. The council's ability to negotiate a voluntary purchase at a reasonable price or, if the matter proceeded to a compulsory purchase order, to negotiate a suitable amount of compensation, could be prejudiced if the report were available to the public. The public interest therefore lied in excluding the press and public whist the report was considered.
- 14.5 The Committee was informed that the proposal on the future organisation of schooling in Attleborough was supported by Councillor Alec Byrne, the local County Councillor for Attleborough.
- 14.5 The Committee asked for further information to show how the proposed site would be the best site in educational and community terms and would provide for a more coherent future shape for school organisation in the town.

14.6 **RESOLVED**

That consideration of the request for Compulsory Purchase powers to be authorised, if required, be deferred until a future meeting of the Committee in order for Members to receive additional information.

The meeting concluded at 1.45 pm

Chair



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Appendix to the Minutes

Mr Borrett asked for a written explanation about why the information set out at paragraph 3.1.6 of the report Delivering Financial Savings 2015-16 had not been included in the information provided in the written response about the timetable for the DNA project and the impact of any delays on the Council achieving its budget savings.

The details set out below were obtained from the Executive Director of Adult Social Services.

This saving related to the efficient use block purchased places in Supported Living and initially it was thought that use of data in the I Hub would assist with this. In fact improvements in process for reporting activity in adult social services has made this information available manually. The saving was not affected by changes in the DNA timetable which was why it wasn't included in the written response about the DNA timetable.

The terms of reference of the Digital Norfolk Ambition Working Group are set out below:

P&R had agreed to establish a small working group to examine progress with the implementation of the DNA programme, with membership and terms of reference to be determined by Group Leaders.

Terms of Reference

The business case for DNA was submitted and agreed by cabinet in April 2013; with the arrangements for awarding the successful contract approved by Cabinet in October 2013. Recent monitoring reports have highlighted some delays and additional costs that make it timely to review the programme by a member working party working with the following scope:

- Review the initial business case and contracting arrangements and assess progress on the implementation of the DNA programme
- Compliance with the contract entered into with HP.
- Revised timeframes and associated costs.
- Lessons learned from the experience of implementation to date, and what, if any, revisions may be required to the original deliverables.
- The ultimate goal – what are we now aiming to for

Membership

Cliff Jordan (Conservative)
Judy Leggett (Conservative)
Steve Morpew (Labour)
Dennis Crawford (UKIP)
Dan Roper (Liberal Democrat) – Chair

Andrew Boswell (Green Group) - Observer

Suggested People to speak to:

Executive Director of Resources
Information Management Service Manager
Head of ICT
DNA Project Manager
Hewlett Packard

Deadlines and timetable

An interim report to be provided to P&R Committee on 26th October 2015
Terms of reference to be agreed by Group Leaders

Members of the Committee asked to be provided after the meeting with details of the reduction in government grants to the County Council and cost pressures in the period between 2010 and the present day.

The details set out below were obtained from the Executive Director of Finance.

The in-year 2010/11 grant cut has been shown in 2011/12, which reconciles to the position shown in the Budget Book.

The “negative” NCC Policy pressure in 2015-16 relates to the reversal of one-off investments and use of reserves agreed for 2014-15.

Funding reductions to core Government funding								
	Formula Grant		Business Rates and Revenue Support Grant					
	2011-12	2012-13	2013-14	2014-15	2015-16	Total		
	£m	£m	£m	£m	£m	£m		
Funding reductions	29.476	17.137	13.700	24.786	38.692	123.791		
Cost Pressures 2011-12 to 2015-16								
	Adult Social Services	Children's Services	CES - ETD	CES - Fire	CES - Cultural	Resources & Finance	Finance General	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2011-12 -								
Inflation	4.456	2.983	2.126	0.340	0.255	0.458	0.967	11.585
Legislative Requirements	0.000	2.900	11.232	0.000	0.000	0.000	0.250	14.382
Demand / Demographic	8.838	10.581	0.000	0.000	0.000	0.000	0.000	19.419
NCC Policy	0.500	0.000	0.725	0.000	0.112	0.232	10.953	12.522
	13.794	16.464	14.083	0.340	0.367	0.690	12.170	57.908
2012-13 -								
Inflation	5.769	3.101	1.978	0.363	0.324	0.655	0.868	13.058
Legislative Requirements	8.272	1.022	1.052	0.000	0.000	0.000	0.000	10.346
Demand / Demographic	0.000	4.194	0.000	0.000	0.000	0.000	0.000	4.194
NCC Policy	0.000	2.266	3.196	0.344	0.000	0.373	9.247	15.426
	14.041	10.583	6.226	0.707	0.324	1.028	10.115	43.024
2013-14 -								
Inflation	6.042	3.191	2.595	0.358	0.340	0.638	0.889	14.053
Legislative Requirements	0.253	0.150	1.827	0.000	0.000	0.000	0.075	2.305
Demand / Demographic	8.554	2.081	0.000	0.000	0.000	0.000	0.000	10.635
NCC Policy	4.504	5.786	0.000	0.000	0.179	1.569	7.029	19.067
	19.353	11.208	4.422	0.358	0.519	2.207	7.993	46.060
2014-15 -								
Inflation	5.031	3.472	2.354	0.320	0.312	0.988	1.783	14.260
Legislative Requirements	0.000	4.381	1.656	0.000	0.000	0.396	2.434	8.867
Demand / Demographic	6.934	3.931	0.725	0.000	0.000	0.000	0.000	11.590
NCC Policy	1.660	5.414	2.195	0.015	0.030	3.145	16.504	28.963
	13.625	17.198	6.930	0.335	0.342	4.529	20.721	63.680
2015-16 -								
Inflation	5.067	2.979	1.450	0.317	0.275	0.699	0.117	10.904
Legislative Requirements	8.204	3.417	0.000	-0.102	0.000	0.083	1.511	13.113
Demand / Demographic	10.591	7.661	2.978	0.000	0.000	0.000	0.000	21.230
NCC Policy	0.627	-2.960	-0.250	0.000	0.000	-3.077	-11.052	-16.712
	24.489	11.097	4.178	0.215	0.275	-2.295	-9.424	28.535
2011-12 to 2015-16 -								
Inflation	26.365	15.726	10.503	1.698	1.506	3.438	4.624	63.860
Legislative Requirements	16.729	11.870	15.767	-0.102	0.000	0.479	4.270	49.013
Demand / Demographic	34.917	28.448	3.703	0.000	0.000	0.000	0.000	67.068
NCC Policy	7.291	10.506	5.866	0.359	0.321	2.242	32.681	59.266
	85.302	66.550	35.839	1.955	1.827	6.159	41.575	239.207

Mrs Leggett asked for a note to be sent to Members of the Committee about the impact that e-book issues was having on library visits and whether website visits to e-books were recorded as library visits.

The response set out below was received from Jennifer Holland, Assistant Director Community and Environmental Services (Cultural Services) and Head of Libraries and Information:

E-book issues continue to increase steadily - at one point we had the fastest growing service in the UK. E-audiobook issues are also increasing and our new e-magazine service Zinio is already performing well at over 1400 issues a month and is more cost-effective than printed magazines.

E-book growth is limited by the titles available as some large publishers do not allow library lending of their e-books. Amazon will not supply their customised Kindle format to libraries either. However, as more people have abandoned Kindles and now e-read on multi-purpose ICT devices like smartphones and tablets, this is less of a barrier than before.

Many people with visual impairments are now using e-books in preference to large print books. This is because they have access to far more titles and can adjust print size to their personal needs

The range of e-books for children and young people is currently not as strong as for adults but we have plans to display our selection for children more prominently on our site so that they are easier to find

Use of e books is not equivalent to the reduction in loans of hardcopies, and the issue figures for e media are part of our global issue figures.

People must be members of the library to borrow and there are over 250 new e-book users each month.

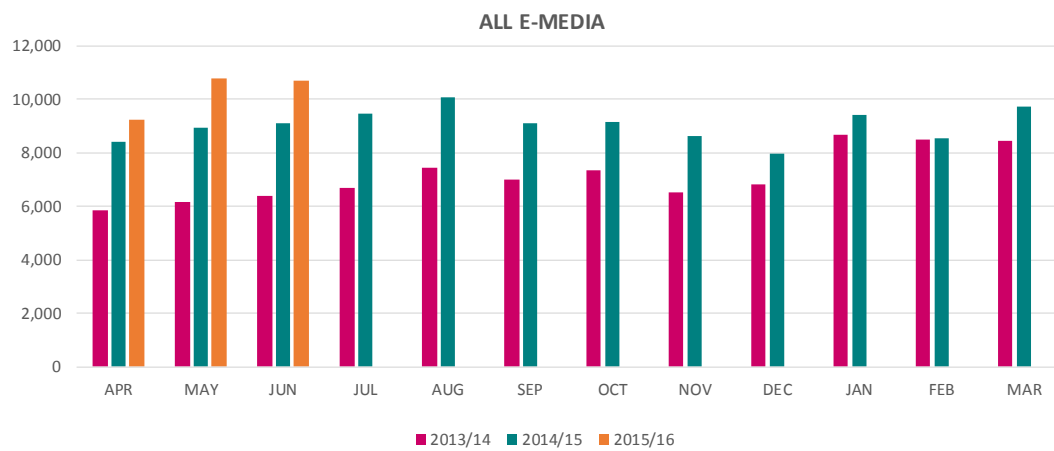
Our School Library Service will be one of the first in the UK to offer a special e-book platform for schools this autumn.

	Year	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
OVERDRIVE E-BOOKS	2013/14	5,443	5,686	5,931	6,239	7,020	6,473	6,761	5,947	6,189	7,782	7,655	7,719	78,845
	2014/15	7,673	8,120	8,255	8,550	9,080	8,236	8,278	7,799	7,189	8,503	7,700	8,805	98,188
	2015/16	8,063	8,648	8,193										24,904

	Year	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
OneClickDigital E-AUDIO	2013/14	426	457	450	440	411	534	581	573	653	875	852	746	6,998
	2014/15	728	811	873	928	999	887	865	833	787	916	848	944	10,419
	2015/16	984	940	1,025										2,949

	Year	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
ZINIO E-MAGAZINES	2013/14													0
	2014/15													0
	2015/16	179	1,210	1,482										2,871

	Year	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
TOTAL ALL E-MEDIA	2013/14	5,869	6,143	6,381	6,679	7,431	7,007	7,342	6,520	6,842	8,657	8,507	8,465	85,843
	2014/15	8,401	8,931	9,128	9,478	10,079	9,123	9,143	8,632	7,976	9,419	8,548	9,749	108,607
	2015/16	9,226	10,798	10,700	0	0	0	0	0	0	0	0	0	30,724



Policy and Resources Committee

Item No

6A

Report title:	2015-16 Finance monitoring report June 2015
Date of meeting:	1 September 2015
Responsible Chief Officer:	Executive Director of Finance
Strategic impact The Annexes to this report summarise the Period 3 (June 2015) forecast financial outturn position for 2015-16, to assist members maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.	

Executive summary

This report gives 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 provides a brief commentary on Resources and Finance budgets which are the responsibility of this Committee.

Members are asked to:

- **note the period 3 forecast Revenue overspend of £12.325m (period 2 overspend £12.386m) on a net budget of £318.428m, as set out in Appendix 1;**
- **note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;**
- **note the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 2;**
- **note the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 3.**

1. Introduction

On 16 February 2015, the County Council agreed a net revenue budget of £318.428m. At the end of each month, officers prepare financial forecasts for each service including forecast expenditure and the planned impact on earmarked reserves.

2. Evidence

Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:

- Forecast over and under spends within each Service
- Forecast reserves balances
- Changes to the approved budget
- The impact of planning assumptions
- Treasury management
- Payments and debt performance
- A brief summary of the Council's financial risk register.

Appendix 2 summarises the forecast capital outturn position, and includes

- Changes to the capital programme
- Future years capital programmes
- Forecast and actual income from property sales
- Capital programme funding
- Other information relating to capital expenditure, including completed projects and planned schemes.

Appendix 3 summarises the forecast outturn for budgets which are the responsibility of the Policy and Resources Committee, including forecasts and other information relating to:

- Resources budgets
- Finance and property budgets
- Finance General budgets.

3. Financial Implications

As stated above, the forecast revenue outturn for 2015-16 is an **overspend** of **£12.325m**, on a net budget of £318.428m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers will explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure to minimise the call on reserves.

Based on period 4 draft figures, the forecast overspend for Adult Social Services is likely to reduce. This will result in an improvement of approximately £1.1m compared to the period 3 forecasts shown in this report.

Following the 20 July meeting of this committee, a virement of £0.500m from service budgets, to reflect lower than expected inflation rates, will be made in order to fund the additional expenditure approved in February.

The Council's capital programme for 2015-16 totals £231m. This is a reduction of approximately £8m since that previously reported to this committee due to the re-profiling of a small number of specific projects into future years. This re-profiling has a neutral effect on the overall three year programme which stands at £526m.

4. Issues, risks and innovation

Risk implications

- 4.1 Officers have considered all the implications which members should be aware of. Specific risks are summarised in the Council's corporate risk register. Corporate risks

with financial implications are reviewed on a quarterly basis, and the areas of highest risk are summarised in Appendix 1.

- 4.2 Apart from those referred to in the report, there are no other implications to take into account.

5. Background

- 5.1 Having set a revenue and capital budget at the start of the 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 there is a requirement to regularly monitor progress so that corrective action can be 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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Appendix 1: 2015-16 Revenue Finance Monitoring Report Month 3

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

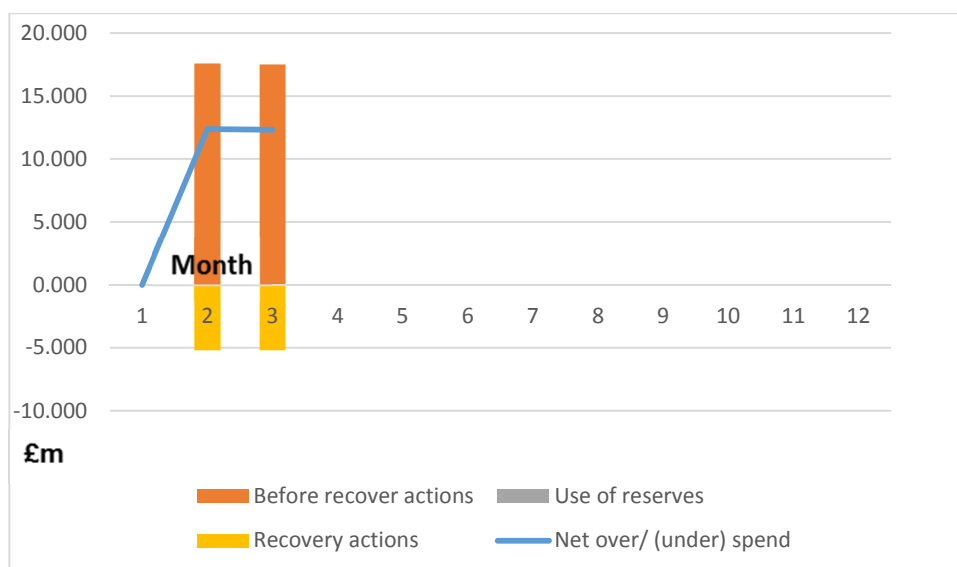
- the latest monitoring position for the 2015-16 Revenue Budget
- forecast General Balances and Reserves at 31 March 2016 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of June 2015 (month 3):

Revenue expenditure is forecast to **overspend** by **£12.325m** (after identified recovery actions), on a net budget of £318.428m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2015-16, by month, after recovery actions and approved use of reserves: Month 3 forecast overspend of £12.325m (month 2 £12.386m).



The main reasons for the forecast overspend are as follows

- In Adult Social Services, the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings.
- Within Children's Services, Looked After Children numbers remain high with resulting financial pressures. In addition the final implementation date for a new staffing structure has meant a pressure on the agency social worker budget.

2.2 General Balances are forecast to be £19.200m at 31 March 2016, before taking into account any forecast under/overspends.

2.3 The Council has earmarked revenue reserves which are forecast to be £40.640m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), so the forecast outcome remains broadly in line given a relatively high level

of grants and contributions brought forward at the beginning of the year. The Council separately holds Reserves in respect of Schools forecast to be £35.613m 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 this period	Changes to P3 June 2015	Revised budget
	£m	£m	£m	£m
Adult Social Services	242.197	242.105	-	242.105
Children's Services	174.531	174.245	-0.002	174.242
Community and Environmental Services	156.310	171.825	-0.104	171.721
Resources	38.299	23.206	-	23.206
Finance and Property	13.130	13.130	0.032	13.162
Finance General	-306.039	-306.082	0.074	-306.008
Total	318.428	318.428	-	318.428

- 3.2 The Council's total net budget has not changed during the year to date.
- 3.3 Some minor budget movements have taken place between services during the accounting period: these related to capital accounting lease adjustments.
- 3.4 Following the 20 July meeting of this committee, a virement of £0.500m from service budgets, to reflect lower than expected inflation rates, will be made in order to fund the additional expenditure approved in February. This will be reflected when the specific budgets are identified and transferred.
- 3.5 **New grants:** Following the decision by Government to close the Independent Living Fund (ILF) on 30 June 2015, and to transfer ILF users to sole local authority support, the Secretary of State for Communities and Local Government has allocated £1.199m ILF Grant to Norfolk to support expenditure from 1 July 2015 to 31 March 2016. The amount is not ring-fenced, but should there be any surplus in funds at the end of the year the DCLG is encouraging local authorities to use this to provide additional social care. Any funding for subsequent years will be decided as part of the next Spending Review.

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 (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 general price inflation rate is currently lower than forecast, with CPI running at 0% at the start of the financial year and again in the year to June 2015. Agreed pay increases are 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 still apply. The forecast cost of supporting looked after children continues to result in a significant forecast 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 are expected to have the predicted impact on budgets, including the costs of early assessments of service users who fund their own care which have been introduced in 2015-16.

- 4.2 **Savings targets:** The key savings targets required for the preparation of a balanced 2015-16 budget are addressed in a separate report to this committee.

5 Revenue outturn – forecast over/underspends

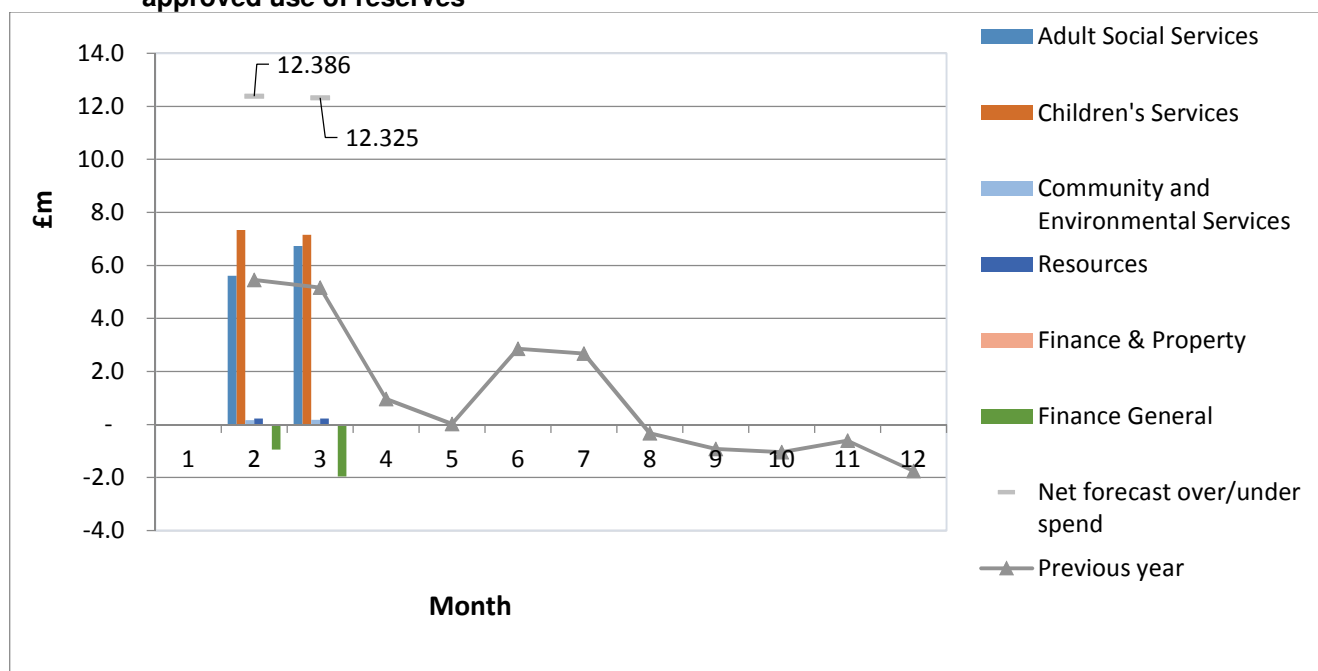
- 5.1 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.
- 5.2 The latest projection for the 2015-16 revenue outturn shows a net projected overall **overspend** of **£12.325m**, after identified recovery actions and anticipated use of earmarked reserves.
- 5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Adult Social Services	242.105	6.730	2.8%	A
Children's Services	174.242	7.156	4.1%	A
Community and Environmental Services	171.721	0.177	0.1%	G
Resources	23.206	0.220	0.9%	G
Finance	13.162		0.0%	G
Finance General	-306.008	-1.958	0.6%	G
Totals	318.428	12.325	3.9%	A

- 5.4 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 forecast overspend are as follows:

- **Adult Social Services:** the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings resulting in a forecast gross overspend of £11.390m (period 2 £10.808m).
The increase this month is due to increase in the expected under-achievement of savings, combined with lower than planned reduction in residential care for older people, as shown in commitment forecasts. The overspend has been partially off-set by the use of new funding for implementing the Care Act of £5.2m resulting in a net forecast overspend of £6.7m.
Based on the draft figures at period 4 the forecast overspend for Adult Social Services is likely to be at a similar level to that reported to Adult Social Care Committee in June, that is a forecast overspend of £5.6m. There continue to be a number of risks in the budget, particularly around the ability to deliver savings contained in the budget but a number of management actions are in place with further actions being implemented which in the fullness of time will hopefully reduce the level of overspend.
- **Children's Services:** the number of Looked After Children remains higher than planned with resulting financial pressures in agency residential, agency fostering and in-house fostering costs. The final implementation date for a new staffing structure has meant a pressure on the agency social worker budget, and there is a forecast overspend for additional support costs for care leavers.
- **Resources:** at the end of month 3, there is a forecast over spend of £0.220m relating to a decision to delay charging staff to use the County Hall car park. The Corporate Property Team within the Finance Directorate has generated a proposal for charging which is the subject of a separate item on this agenda.

5.5 The forecast for our largest areas of risk and expenditure (Children's and Adults placement budgets) are built upon detailed models. The overspend on these models is then reduced by evidenced actions to deliver savings or reductions in the overspend itself. Officers are working on such actions and as such it is expected that the overall forecast overspend will reduce as we move further through the year.

5.6 **Potential cost pressures not reflected in forecasts:**

The Council has received a claim for a Judicial Review of a fee uplift decision made by the Council, at the Adult Social Care Committee on 9 March 2015, in respect of care charges. The application for judicial review was submitted to the High Court in early June 2015. A report is due to the Adult Social Care Committee in September to report back on the legal costs of the judicial review and the progress of the consultation with providers over any further fee increase.

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 estimated as follows.

Table 4: forecast general balances

	£m
General Balances – Outturn report 1 June	20.753
Transfer to Adult Social Services unspent grants and contributions reserve following 1 June 2015 Policy and Resources Committee	(1.753)
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
Latest forecast General Balances at 31 March 2016	19.200

The forecast does not take into account any current year projected over/under spends.

Earmarked reserves balances and forecasts

- 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), and the forecast outcome below is in line. The Council carries a number of reserves with totals as follows:

Table 5: actual and forecast revenue reserves

	Balances 31 March 2015 after year end adjustments (relate to services rather than committees)	Previous period 31.3.16 forecast	Latest forecast balance 31.3.16
	£m	£m	£m
Earmarked reserves - non schools			
Adult Social Services	8.748	2.586	2.586
Children's Services	5.403	2.668	2.668
CES	26.478	17.093	17.086
Resources	14.651	8.255	5.694
Finance	0.967	0.592	0.168
Finance General	12.235	12.014	12.438
	68.483	43.208	40.640
Earmarked reserves - schools			
Schools - LMS balances	22.545	18.209	18.209
Schools - other reserves	17.301	17.419	17.404
Total schools reserves	39.846	35.628	35.613
Total Reserves	108.329	78.836	76.253

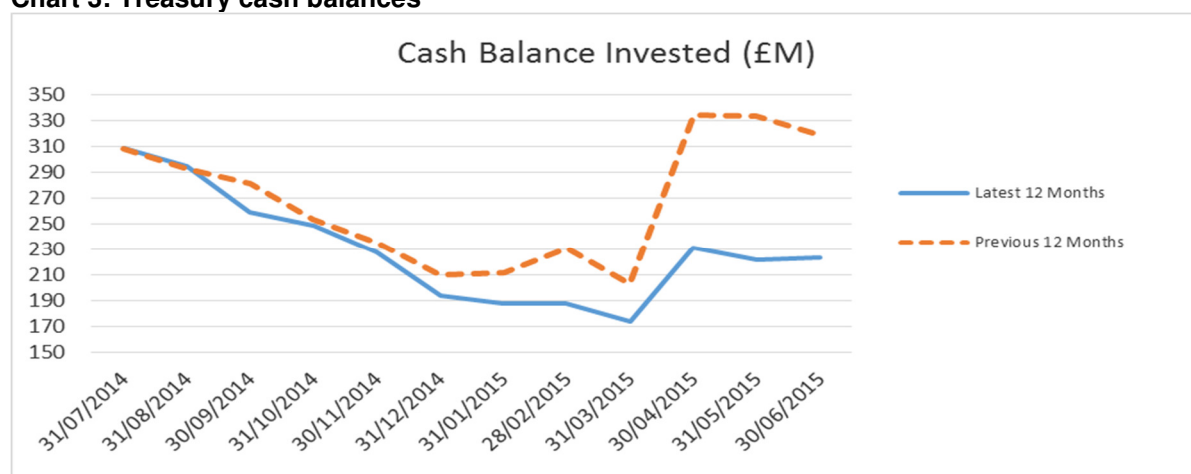
- 6.3 ASS reserves are forecast to reduce by over £6m, due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £2.7m planned expenditure from grants and contributions brought forward, and £0.3m from the Prevention fund.
- 6.4 Children's Services forecast net use of reserves is largely unchanged since the previous period. The year on year change represents forecast use of various reserves, including significant use of grants and contributions brought forward from 2014-15.
- 6.5 Net reserves use is forecast across the majority of CES services. This includes significant use of the apprenticeship scheme and capital sustainability reserves.
- 6.6 Resources reserves show a forecast reduction, primarily due to the planned use of £5.9m of ring-fenced Public Health monies. The reduction this month is due mainly to the projected use of £2.3m from the General IT fund towards the DNA project.
- 6.7 The total of Finance plus Finance General reserves forecasts are unchanged since period 2. The NIF reserve forecast was included in the Finance total in the last report, but is now correctly included in the Finance General total. Overall, reserves use of 0.5m is anticipated due to use of the Organisational Change and Redundancy and IT reserves. Little movement is currently forecast in the larger building maintenance reserve (mainly county farms) and insurance reserve.

7 Treasury management

- 7.1 The corporate treasury management function ensures the efficient management of all the authority's cash balances.

The graph below shows the level of cash balances over the latest 12 months (against a comparison for the previous 12 months). The spike in April 2014 ("previous 12 months" line) reflects the front loading of Business Rates Retention and Revenue Support Grant (half of the £246m annual total received in one month), whereas the current year's receipts will be more evenly distributed through the year.

Chart 3: Treasury cash balances



Gross interest earned for the period 1 April 2015 to 30 June 2015 is £0.392m.

In accordance with the approved 2015-16 Investment Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

8 Purchase and payment performance, and debt collection

- 8.1 **Payment performance:** approximately 420,000 invoices are paid annually. In June 2015, 93.9% were paid within a target of 30 days from receipt, against a target of 90%. In May 2015, the percentage was 97%.
- 8.2 **Purchase order performance:** compared to the same month last year, the proportion of orders which are retrospective has increased from 28% to 31%, whilst the average retrospective spending has increased from 25% to 33% by value. Improvement is still needed in order to meet the industry average of 22% by volume. Through 2014-15 there has been a significant year on year improvement in both measures but this month's increase relating to larger value payments highlights further the need for action to reduce further the percentage by value.
- 8.3 **Debt recovery:** 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.
- 8.4 Over 2014-15 92% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected overall.
- 8.5 Performance measures for the current month are as follows:
- Collection performance for June 2015: 93% (May 84%) of invoices were collected within 30 days
 - Levels of outstanding debt – secured £9.21m and unsecured £35.25m (May 2015 9.57m & £35.29m respectively). The majority of unsecured debt relates to social care (£23.79m). The relatively high level of unsecured debt relates to a small number of large contract invoices with other public sector and related bodies. These are being actively pursued with parts of the contracts still subject to negotiation.
- 8.6 For the period 1 April 2015 to 30 June 2015, 151 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £76,828.00.
- 8.7 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.
- 8.8 One debt over £10,000 identified for write off in 2015-16 has been subject to Policy & Resources Committee approval. This debt totalled £16,507.73.

9 Summer budget 2015

The Chancellor of the Exchequer gave his Summer Budget to Parliament on Wednesday 8 July 2015. No local government spending cuts for 2015-16 resulted directly from the Budget. The OBR also indicate that local authorities' capital spending in England is likely to remain fairly stable over their 5 year forecast period.

The following items in the Chancellor's Budget are specifically relevant to local government:

Ref	Public sector reform and efficiency	Relevance to NCC
2.17	Digital transformation – The government's aim is to deliver redesigned, user-friendly public services, fit for the digital age as well as delivering efficiencies across the public sector.	"Making better use of digital technology so residents can easily get advice and services online" is one of the ways identified of delivering the Council's priorities. This is in the context of the Reimagining Norfolk initiative, and the savings the Council will need to make over the next three year period.
2.19	LGPS pooled investments – "The government will work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs, while maintaining overall investment performance."	DCLG have yet to issue detailed guidance or the consultation, and the potential effects of this will be presented at Pensions Committee when issued.
2.20	Public sector pay – The government will fund public sector workforces for a pay award of 1% for 4 years from 2016-17 onwards.	Pay assumptions will be considered as part of the forthcoming budget cycle. This does not affect the 2015-16 budget.
	Devolution and local growth	
2.26	Local Authority assets – At Autumn Statement 2014 the government committed to expanding the One Public Estate programme to local authorities in England with a significant asset base. This Budget commits a further £6 million to continue to deliver progress and ensure local government rationalises its estate to contribute to growth and ensure efficient use of public assets.	A significant action in year one of the 2015-18 Asset Management Plan is to Support the One Public Estate programme This will be achieved through the Norfolk Asset Management Forum, promoting and mobilising locality reviews, developing a Norwich Office Strategy and supporting co-location proposals for health/social care and emergency services.

A general measure which will affect local government is the introduction of a new national living wage of £9 for over 25s by 2020, with the minimum wage rising to £7.20 in 2016. In addition, there will be a new roads fund, funded by a new vehicle excise duty for new cars from 2017.

In addition, the government intends to offer towns and counties the opportunity to agree devolution deals. As an example, Cornwall is in advanced discussions which would result in NHS budgets being devolved to that authority.

10 Financial risk management

10.1 An analysis of corporate risks, together with associated financial implications is analysed in a risk register, which is updated on a quarterly basis. There are two measures applied:

- The “current risk score” and
- The “target risk score” that takes into account the mitigating actions that are in hand.

The Risk Manager’s advice is that the “target risk score” is the critical measure.

10.2 The latest update to the risk register, dated May 2015, includes three current risk scores which are classed as high or “red”, being the financial risks associated with:

- Failure to meet the long term needs of older people: a long term risk to 2030 - funding considered as part of the on-going budget planning process.
- Failure to follow data protection procedures - Potential financial exposure due to penalties, factored into appropriate budget planning. Public Liability insurance in place to mitigate exposure to civil litigation.
- Shortage of personnel for a variety of reasons e.g. illness, industrial action, inclement weather etc., including loss of key senior personnel - Low potential financial exposure, contingencies factored into appropriate budget planning.

10.3 There are no target risk scores that are red.

10.4 Two items have met their risk targets and will be removed in future assessments: these are the risk of failure to deliver planned revenue budget savings in 2014/15, and a potential liability for legal challenge to procurements conducted by ESPO.

10.5 The risk register is being re-worked and updated for discussion and approval at Audit Committee in September.

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	Service total projected over / (under) spend	Remedial action: use of reserves / unallocated funds	Net total over / (under) spend	%
	£m	£m	£m	£m	
Adult Social Services	242.105	11.930	-5.200	6.730	2.8%
Children's Services	174.242	7.156		7.156	4.1%
Community and Environmental Services	171.721	0.177		0.177	0.1%
Resources	23.206	0.220		0.220	0.9%
Finance and Property	13.162	-			0.0%
Finance General	-306.008	-1.958		-1.958	0.6%
Totals current month	318.428	18.108	-5.200	12.325	3.9%
Previous month	318.428	17.586	-5.200	12.386	3.9%

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. The £5.2m use of reserves shown above relates to the use of Care Act funding not specifically allocated when budgets were approved.

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2015-16 over/(under)spend previous report	12.386
Movements in current period - summary	
Adult Social Services	1.122
Children's Services	-0.182
Community and Environmental Services	0.010
Resources	-
Finance and Property	-
Finance General	-1.011
Latest forecast over / (under) spend after use of reserves	12.325

The net over / underspend is a result of a range of underlying forecast 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 this month
	£m	£m	£m
Adult Social Services			
Central Services – Business Development		-0.302	0.049
Commissioning, including Supporting People	1.312		0.003
Management, Finance and Transformation		-0.058	0.069
Human Resources		-0.200	-0.112
Income from Service users		-0.010	-0.007
Early Help and Prevention	0.676		-0.104
Safeguarding	10.512		1.192
Other minor items		-	0.032
Over / (under) spend before recovery actions	12.500	-0.570	1.122
	11.930		
Application of Care Act funding		-5.200	
Forecast total for Adult Social Services	12.500	-5.770	1.122
Over / (under) spend after recovery actions and approved use of reserves	6.730		

	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Children's Services			
LAC agency residential costs	3.155		-0.726
LAC agency fostering	1.585		-0.172
Additional in-house fostering costs due to the "staying put policy"	0.775		0.775
Additional cost of fostering recruitment	0.060		0.060
Additional cost of purchasing adoption out county placements	0.260		0.260
Additional residence/kinship costs	0.285		0.019
Additional cost of care leavers independent living support	1.000		
Additional number of Boarding Pathfinder placement	0.067		0.067
Additional cost of agency social workers and NIPE social workers	1.650		-0.150
Reduced cost of Early Years & Childcare Service		-0.400	-0.100
Savings on Information Advice and Guidance Service vacancies		-0.350	-0.050
Capitalisation of school broadband costs		-0.176	
Additional school attendance court fine income		-0.160	
Savings on business support staff vacancies		-0.400	-0.150
Reduced legal costs		-0.195	-0.015
<u>Dedicated Schools Grant</u>			

Cont'n to schools contingency fund	n/a		
Forecast outturn for Children's Services	8.837	-1.681	-0.182
	7.156		

Community and Environmental Services	Projected over spend	Projected under spend	Change this month
Highways and Transport Services		-	
Environment and Planning – Energy and Waste: Overspend as the budgeted change in HWRC hours is not going ahead	0.167		
Economic Development and Strategy		-	
Business Development and Support		-	
Cultural Services		-	
Customer Services		-	
Community Safety & Fire	0.010		0.010
Forecast out-turn for CES	0.177	-	0.010
	0.177		

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Director of Resources – County Hall car park income	0.220		
Policy and Performance		-	
Procurement		-	
Human Resources		-	
Consultation		-	
Nplaw		-	
ICT		-	
Net forecast outturn for Resources	0.220	0.000	
	0.220		
Finance and Property			
Finance		-	
Property		-	
Net forecast outturn for Finance and Property		0.000	
Finance General			
Adjustment to forecast interest on balances (see Appendix 3)		-1.420	-0.888
Adjustment to minimum revenue provision to reflect re-profiling of schemes to be funded from borrowing in the capital programme		-1.011	-0.123
Additional costs arising from 2013-14 transfer of Norse pension liabilities due to Norse now having fewer members in the Local Government Pension Scheme.	0.473		
Net forecast outturn for Finance General	0.473	-2.431	-1.011
		-1.958	

Norfolk County Council

Appendix 2: 2015-16 Capital Finance Monitoring Report Month 3

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Period 3 Position

- 1.1 The 2015-16 Capital Programme was approved by the County Council on 16 February 2015 and is published in the Council's 2015-18 Budget Book.
- 1.2 Subsequent to the approval of the 2015-16 Capital Programme, there has been further reprofiling and other changes reported to Policy and Resources Committee resulting in the updated opening position below, which was reflected in the outturn report.
- 1.3 Following this opening position, the capital programme has undergone further revisions as summarised in Table 2.
- 1.4 The latest revised programme totals £526.453m, made up of:

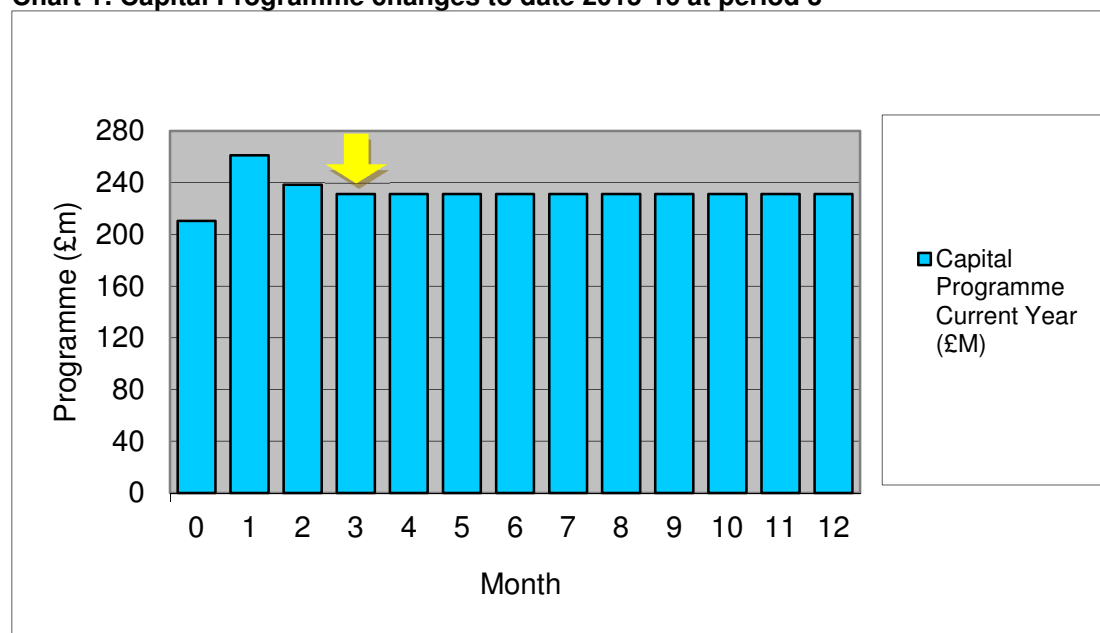
Table 1: Revised Capital Programme

	2015-16	2016-18
	£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	11.511	36.897
Capital Programme Opening Position	261.083	268.665
Previously approved reprofiling	-18.351	18.351
Other movements previously approved	-4.261	0.000
Totals previous period	238.471	287.016
Re-profiling this period	-8.291	8.291
Other movements to be approved	0.966	0.000
Revised capital programme outturn	231.146	295.307
Total		526.453

- 1.5 This table highlights a reduction of £8.291m in the current year capital programme due to reprofiling schemes to later years following an early review of the programme. Movements are as described in more detail in Capital Annex 1.

- 1.6 The following chart identifies the cumulative effect of the changes to date on the capital programme.

Chart 1: Capital Programme changes to date 2015-16 at period 3



- 1.7 Month "0" represents the approved capital programme, and month one the revised opening position. The arrow at Month 3 shows the latest position.
- 1.8 The table below provides a high level view of how the revised 2015-16 programme is made up for each service:

Table 2: Revised capital programme 2015-16

Service	Opening Capital Programme 2015-16 £m	Cumulative Changes To Date £m	Reprofiling To Be Approved £m	Other Changes To Be Approved £m	2015-16 Capital Programme £m	Forecast Outturn £m	Over / (Under)spend £m
Children's Services	100.392	-3.210	-0.744	0.000	96.438	96.438	0.000
Adult Social Care	8.733	0.002	0.000	0.000	8.736	8.736	0.000
Community & Environmental Services	116.003	-14.410	-7.547	0.968	95.014	95.339	0.325
Resources	17.989	-5.000	0.000	0.000	12.989	12.989	0.000
Finance	17.966	0.006	0.000	-0.002	17.970	17.947	-0.023
Total	261.083	-22.612	-8.291	0.966	231.147	231.449	0.302
		238.471		-7.325			

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

1.10 The revised programme for future years (2016-18) is as follows:

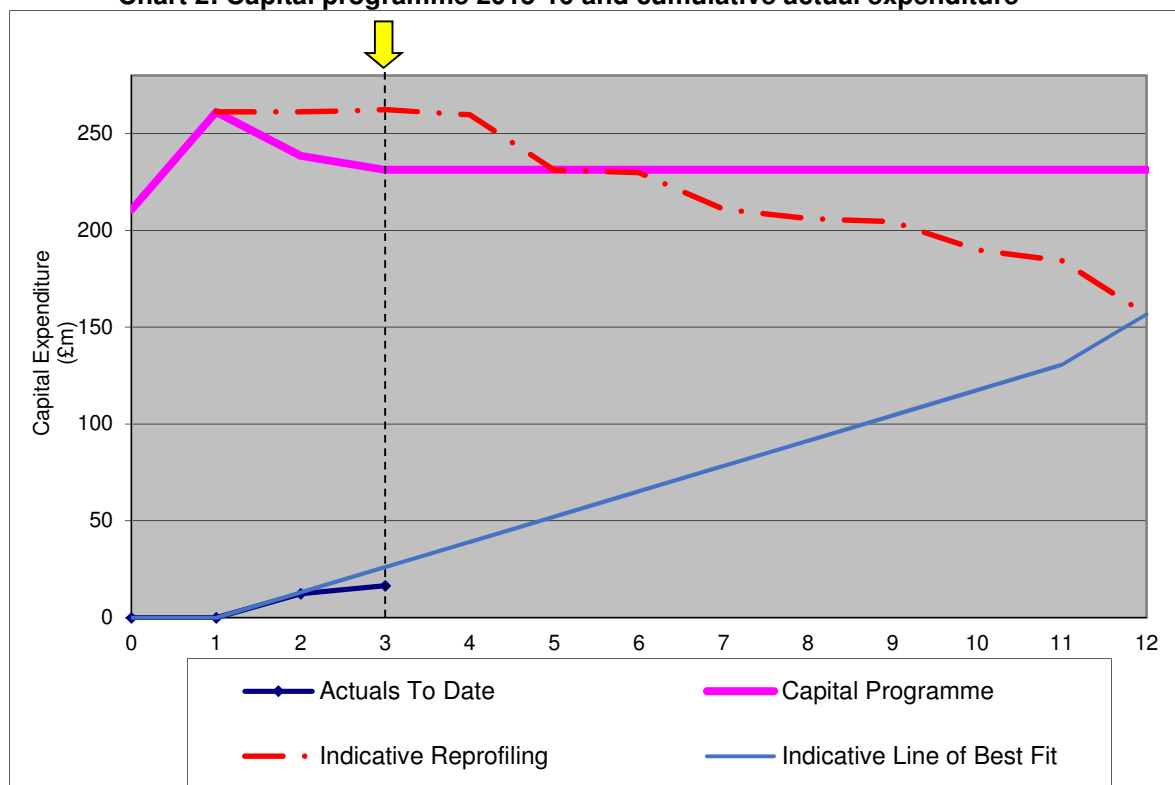
Table 3: Capital programme 2016-18

Service	Position at end of May 2015 £m	Reprofiling in June £m	Other Movements in June £m	Revised Position at end of June 2015 £m
Children's Services	78.716	0.744	0.000	79.460
Adult Social Care	4.013	0.000	0.000	4.013
Community & Environmental Services	179.987	7.547	0.000	187.534
Resources	22.100	0.000	0.000	22.100
Finance	2.200	0.000	0.000	2.200
TOTAL	287.016	8.291	0.000	295.307

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

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



2.2 Total expenditure on the 2015-16 capital programme to the end of June was £16.415m.

2.3 The graph above suggests that expenditure is marginally below expectations when opening accruals are taken into account, and that there may still be a significant amount of re-profiling of expenditure into future year's programmes, in line with historical trends, as identified by the dashed line.

2.4 Progress towards the completion of the current capital programme by each service is as follows:

Table 4: Comparison of capital programme, by service, and expenditure to date

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred
	£m	£m	
Children's Services	96.438	1.565	1.6%
Adult Social Care	8.736	0.208	2.4%
Community & Environmental Services	95.014	12.710	13.4%
Resources	12.989	-0.436	-3.4%
Finance	17.970	2.368	13.2%
Total	231.147	16.415	7.1%

2.5 The fourth quarter invoice for 2014-15 on Better Broadband has been received and is less than the accrual processed at the end of that financial year, which was based on works completed by BT at that point. This over-estimation has resulted in the negative expenditure showing against Resources above. The scheme was reprofiled in period

2 but this may need to be revisited in future months to account for this over-estimation.

- 2.6 Children's Services expenditure is likely to be below the expected profile as large amounts of work will be undertaken during the school holidays during the summer. There is likely to be further reprofiling of the Children's Services programme during the year, which has been a major driver of the indicative reprofiling in Chart 2 in prior years.
- 2.7 The development of the Children's Services capital programme has continued in the first months of 2015-16, overseen by the Capital Priorities Group. Specifically, further progress has been made on the options for the Great Yarmouth Reorganisation project.
- 2.8 Construction of the Postwick Hub junction has continued during 2015-16 with completion expected in 2015-16. Consent for the Northern Distributor Road from DfT was notified on 2 June 2015, with development work on-going.

3 Financing The Programme

3.1 The Council uses a number of sources of funding to support its capital programme.

3.2 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.

3.3 The table below identifies the planned funding of the revised capital programme:

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2015-16 Programme	2015-16 Forecast Outturn	2015-16 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	-3.899	-8.018	46.327	46.303	-0.024	44.660
Capital Receipts	7.200	-3.019	-0.054	4.127	4.127	0.000	14.443
Revenue & Reserves	6.279	-0.848	-0.046	5.385	5.385	0.000	1.000
Grants and Contributions		0.000					234.604
DfE	77.960	2.658	-0.502	80.116	80.116	0.000	
DfT	59.278	-1.719	0.613	58.172	58.499	0.327	
DoH	7.721	0.001	0.000	7.722	7.722	0.000	
DCLG	0.967	-0.118	0.022	0.870	0.870	0.000	
DCMS	3.001	0.000	0.000	3.001	3.001	0.000	
GNDP/CIF	0.000	0.000	0.000	0.000	0.000	0.000	
Developer Contributions	9.772	2.973	0.137	12.882	12.882	0.000	
Other	30.662	-18.640	0.522	12.544	12.544	0.000	
TOTAL	261.083	-22.611	-7.327	231.145	231.449	0.304	294.707

3.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2015-16 programme of £46.303m.

3.5 A number of projects funded through borrowing and capital receipts have been reprofiled this month to better reflect expected spend in the year. These include the Norfolk Energy Futures loan facility and the development work at Scottow Enterprise Park, which have had £5.750m and £1.624m reprofiled respectively. This has resulted in the reduction on expected use of Prudential Borrowing in the current year.

4 Capital Receipts

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2015-16 Approved £m	2015-16 End of May £m	2015-16 End of June £m	Changes since end of May £m
General Capital Receipts	2.734	3.213	2.832	-0.381
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	0.702	0.702	0.000
Estimated Total Capital Receipts	8.085	4.220	3.839	-0.381

- 4.6 Changes on expected capital receipts following the last report are as follows:

4.6.1 General Capital Receipts

The main reason for the reduction in expected receipts for the year is a reduction of £0.400m on the expected receipt from the first phase of Sprowston Fringe Land disposal.

A number of other small adjustments have also been made.

4.6.2 Financial Packages Receipts

No change

4.6.3 County Farms Receipts

No change

- 4.7 The following table classifies the movements on forecast receipts following the previous forecast.

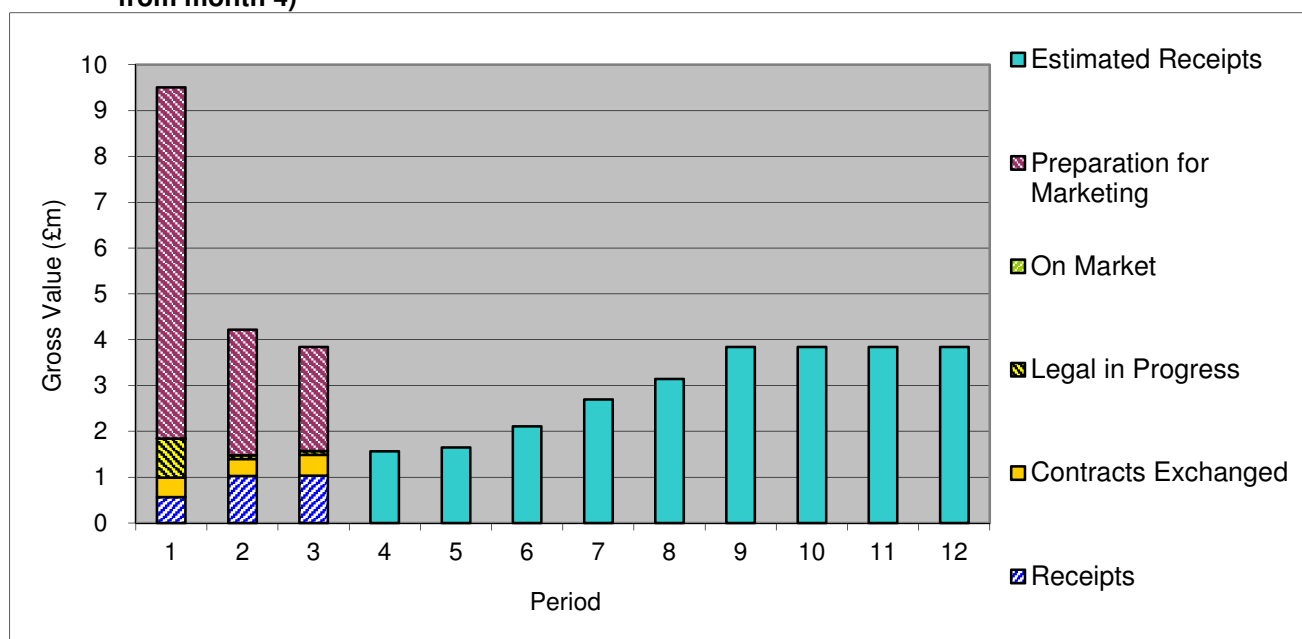
Table 7: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of May 2015	4.220

Additions	0.122
Upward revaluations of estimates	0.007
Delayed from 2014-15	0.000
Removals	0.000
Downwards revaluations of estimates	-0.435
Disposals in 2014-15	0.000
Delayed until future years	-0.075
Revised Estimate 2015-16	3.839

4.8 The chart below shows the progress on realisation of the forecast capital receipts for 2015-16.

Chart 4: Forecast Capital Receipts from property sales 2015-16 (estimated cumulative receipts from month 4)



4.9 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 8: Capital receipts reserve forecast 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	0.000	2.845	0.409	3.254
Forecast receipts from sales of properties	2.832	0.305	0.702	3.839
Receipts from sales of assets to leasing companies	-	-	-	-
Other capital receipts	0.059	-	-	0.059
Forecast receipts generated in year	2.891	0.305	0.702	3.898

Sales expenses	-0.286	-0.014	-	-0.300
Receipts repayable to third parties	-	-	-	-
Forecast net receipts available for funding	2.605	3.136	1.111	6.852
Forecast use to fund incomplete leases	-	-	-	-
Forecast use to fund programme and reduce borrowing	-2.605	-0.412	-1.110	-4.127
Forecast Closing Balance	0.000	2.724	0.001	2.725

4.10 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.

4.11 Other capital receipts include loan repayments from subsidiary companies.

5 Capital schemes in development

5.1 Norwich Aviation Academy Loan

At its meeting on 20 July, Policy and Resources Committee approved a loan of £6.25m to be made available to Norse Group for the purposes of developing an Aviation Academy. This scheme, to be funded through prudential borrowing, will be reflected in the capital programme as soon as details such as timing are confirmed.

5.2 Postwick Hub and NDR:

- The DfT provided 'conditional' funding approval for the Norwich Northern Distributor Route (NDR) in 2011, and the Secretary of State confirmed on 2 June 2015 that the Development Consent Order (DCO) for the NDR had been approved. A legal challenge period concluded, without challenge, on 14 July 2015. Subject to the outcome of an Extraordinary Meeting of the Full Council to be held on 2 September, the NDR team continue to work on the details of the project with work expected to start later during this financial year.
- Work is well underway on the A47 Postwick Hub. The junction is expected to be opened to traffic in November 2015 with works complete by the end of the year.

5.3 Museums Capital Projects

On 9 July 2015 Historic England wrote confirming the £1m made available by the Treasury towards work in the Keep at Norwich Castle. The grant will be received in 2015-16, and is split £0.800m capital, and £0.200m revenue. The capital element will be reflected in period 4 capital monitoring.

Reprofiling and Other Changes to the 2015-18 Capital Programme

- i. This appendix sets out the reprofiling and other changes which have occurred during the first three months of 2015-16.
- ii. The changes to the 2015-16 programme are as follows:

Reprofiling

Table A1a: Reprofiling in June 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services - schools	A1 - Growth Great Yarmouth reorg early years	Multiple Funding Sources	-0.744	This funding has been earmarked to support appropriate nursery provision within primary reorganisation in Gt Yarmouth, where work is underway to establish need and is dependent on timescales of wider capital projects
Children's Services Total			-0.744	
Community & Environmental Services	Drainage Improvements	Borrowing and Capital Receipts	-0.241	Morningthorpe HWRC drainage solution not yet agreed - price estimate may vary once final design solution signed off
	Norfolk Energy Futures Ltd	Borrowing and Capital Receipts	-5.750	Clarification of expected use of the NEF loan facility in 2015-16. This has left £2m in 2015-16 which will be focussed on delivering scaleable solar PV projects up to 1MW, principally on sites in the Norfolk County Council estate. NEF is also pursuing partnering options with other developers both in Norfolk and further afield.
	Scottow Enterprise Park	Borrowing and Capital Receipts	-1.624	Initial reprofiling of schemes based on projected requirements for 2015-16.
	Civil Parking Enforcement	Borrowing and Capital Receipts	0.046	Other minor reprofiling
	Fire Appliances (Type B pumps)	Grants and Contributions	0.022	Reprofile to complete project.
Community & Environmental Services Total			-7.547	
Total Reprofiling			-8.291	

Other Changes

Table A1b: Other changes in April and May 2015

Service	Project	Funding Type	Amount £m	Explanation
Community & Environmental Services	Local Road Schemes	Multiple Funding Sources	0.122	Mainly increase in developer contributions for William Frost Way to A1074 Dereham Road and Swaffham - Brandon Road.
	Other Schemes	Multiple Funding Sources	0.102	New schemes identified Wymondham- Tolls Meadow trod, Fakenham - Old Railway Line Trod
	Norwich - A47 Postwick Hub	Grants and Contributions	0.610	Increase in scheme within available funding
	Public Transport Schemes	Grants and Contributions	0.099	Increase in external funding for Cringleford Roundhouse Way Transport Interchange and Colney - Norfolk & Norwich University Hospital Public Transport Interchange
	Museum Improvements - CERF	Borrowing and Capital Receipts	0.015	Carbon Energy Reduction funding towards Museums energy savings improvements
	Fire Station improvements	Borrowing and Capital Receipts	0.020	Carbon Energy Reduction funding towards energy improvements at North Lynn Fire Station
Community & Environmental Services Total			0.968	
Finance	Carbon Energy Reduction Fund	Borrowing and Capital Receipts	-0.055	Disaggregation of Carbon Energy Reduction funding to services
	County Hall Refurbishment	Borrowing and Capital Receipts	0.020	Carbon Energy Reduction funding towards solar PV work
	County Farms	Capital Receipts	0.033	Various new schemes identified.
Finance Total			-0.002	
Total Other Changes			0.966	

iii. The total reprofiled into future years reflects the items re-profiled from 2015-16 in the table above.

Norfolk County Council

Appendix 3: 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). This appendix is designed to give a brief overview of the financial performance of each of these service areas.

2 Resources

The table below summarises the forecast outturn position as at the end of June 2015 (Period 3).

2015 / 16	Current Budget	Expenditure Year to Date	Full Year Forecast	Reported Overspend / (Underspend)
	£m	£m	£m	£m
Managing Director's Office	0.424	0.150	0.424	-
Director of Resources	(0.788)	0.000	(0.568)	0.220
CIPPS & BPPS	1.680	0.395	1.680	-
Corporate Programme Office	0.790	0.303	0.790	-
Procurement	1.337	0.426	1.337	-
Human Resources	3.682	4.736	3.682	-
Communications	0.733	0.239	0.733	-
nplaw	(0.450)	1.024	(0.450)	-
Democratic Services	2.404	1.003	2.404	-
ICT	14.353	6.541	14.353	-
Total Corporate Resources	24.165	14.817	24.385	0.220

Note: there is a difference between the total budget above and the "Resources" budget shown in table 1 to Appendix 1 as some services managed within the Resources department are not the responsibility of this committee.

At the end of month 3, there is one forecast over spend of £0.220m relating to a decision to delay charging staff to use the County Hall car park. A proposal for implementing staff car park charges is being drawn up by the Corporate Property Team in Finance, and will be the subject of a separate item on this agenda.

While there are potential areas for modest savings from vacancy management and income generation in a number of areas, these are too early to forecast with any certainty and likely to be off-set by pressures to make savings which span the Resources service.

There are a number of areas showing expenditure year to date in excess of the net budget. This is generally accounted for by expenditure having been committed, where related income has not been received or re-charges have yet to be made. The largest item is Public Health, for which grant income is outstanding.

The largest forecast reserves movement this month is relatively small and relate to forecast withdrawals from organisational change reserves to support apprenticeship schemes and health and safety (total approximately £0.100m), and a reduction in the car lease scheme reserve due to a projected trading loss of £0.125m due to the reducing fleet size. The scheme is moving towards contract hire to address this.

3 Finance and Property, and Finance General

The table below summarises the forecast outturn position as at the end of June 2015 (Period 3).

2015 / 16	Current Budget	Expenditure Year to Date	Full Year Forecast	Reported Overspend / (Underspend)
	£m	£m	£m	£m
Finance	6.721	2.976	6.721	0.000
Property	6.441	1.706	6.441	0.000
Finance & Property	13.162	4.682	13.162	0.000
Finance General	-306.008		-307.966	-1.958
Total Finance	-292.846		-294.804	-1.958

At the end of month 3, no net under or over spend is forecast for within and Finance and Property service. There is the potential for some additional income generation, but also for additional costs associated with the restructuring necessary to reduce costs in the medium and long term. The Corporate Property Team is involved in the proposed staff car parking charges which are the subject of a separate item on this agenda.

4 Finance General over and underspends

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

Norse pension liabilities (forecast overspend £0.473m)

This adjustment relates to additional costs arising from 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The shortfall has arisen due to a decrease in the number of NPS employees in the LGPS. A benefit to NCC of the transfer of pension liabilities is that the transfer has enabled the Norse Group to pay dividends to Norfolk County Council.

Interest on balances due to reduced borrowing (forecast underspend £1.420m)

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.

Owing to the deferral of borrowing which has not been necessary in the year to date due to the re-cycling of cash balances, and a high level of confidence at the end of period 3 that no further borrowing will be required in period 4, a net interest saving estimate of £1.420m to 31 July has been forecast. This is as a result of reduced borrowing costs offset by lower interest earned on investments.

Whether it is possible to continue to defer additional borrowing during the remainder of 2015-16, will depend upon the Council's cash flow requirements and movements on short and long term interest rates which are constantly monitored. Rates can be volatile, and may be affected by external events.

There are no immediate plans for new borrowing, and if the borrowing continues to be deferred until 31 March 2016, it is estimated that the one-off saving will increase to approximately £4m.

Forecast Minimum Revenue Provision (forecast underspend £1.011m)

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 is now forecast to be incurred in 2015-16 and beyond.

Policy and Resources Committee

Item No 6B

Report title:	Delivering Financial Savings 2015-16
Date of meeting:	01 September 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact This report to Policy and Resources Committee provides an overview of the progress in delivering the 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 progress in delivering these savings, concentrating on 2015-16, but also providing an overview of the later years 2016-17 and 2017-18.

The report comments on the exceptions to successful delivery, those items rated RED, and critical AMBER items.

This report will be presented to the Policy and Resources Committee at each meeting.

Members are recommended to consider and note:

- a) the forecast total shortfall of £11.572m in 2015-16, for which alternative savings need to be identified;
- b) the increase in the budgeted value of 2015-16 savings projects rated as RED to £19.088m, of which £7.745m are now forecast to be delivered;
- c) the forecast savings shortfall on AMBER rated projects of £0.424m; and
- d) the forecast over-delivery of GREEN rated projects totalling £0.195m.

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.

1.3. 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 the reduction in redundancy and where decisions have been made to reduce grant payments.

2.4. 14 savings projects have been rated as RED, representing a budgeted total saving of £19.088m. It is currently forecast that only £7.745m of this saving will now be delivered as set out in the following table. This represents a shortfall of £11.343m, which relates to RED rated projects.

2.5. AMBER rated projects include a forecast shortfall of £0.424m. In addition, there is a forecast over achievement of £0.195m in relation to GREEN rated projects. This results in a forecast total shortfall of £11.572m, an improvement of £0.380m when compared to the previously reported position.

2.6. Alternative plans have been identified within the Policy & Resources budget in respect of budgeted savings totalling £0.157m, which have therefore now been classified as YELLOW. These savings are being met through historic underspends within HR and the Corporate Programme Office, and the planned savings will be delivered in future years.

Table 1: 2015-16 Savings by RAG Status

RAG Status	Budgeted Value of Savings 2015-16 (a)	Previous Forecast Savings 2015-16 (b)	Latest Forecast Savings 2015-16 (c)	Savings Shortfall 2015-16 (a)-(c)	Latest Forecast Savings 2015-16 (c) analysed by Committee				
					Children's Services	Adults	EDT	Communities	Policy & Resources
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Red	-19.088	-7.302	-7.745	-11.343	-2.945	-4.600	0.000	-0.200	0.000
Amber	-5.080	-4.804	-4.656	-0.424	-0.401	-0.000	-1.900	-0.235	-2.120
Green	-9.673	-9.800	-9.868	0.195	-1.067	-3.305	-1.881	-0.969	-2.646
Blue	-17.363	-17.346	-17.363	0.000	-0.740	-3.156	-1.510	-0.560	-11.397
Yellow	-0.157	-0.157	-0.157	0.000	0.000	0.000	0.000	0.000	-0.157
Gross Savings	-51.361	-39.409	-39.789	-11.572	-5.153	-11.061	-5.291	-1.964	-16.320
Shortfall	0.000	-11.952	-11.572	n/a	-5.204	-5.235	-0.167	-0.250	-0.716
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 £15.668m to be identified for the three years.

Table 2: Categorisation of Savings 2015-18

	2015-16	2016-17	2017-18	Total
Savings	£m	£m	£m	£m
Org Change - Staffing	-4.476	-0.732	0.000	-5.208
Org Change - Systems	-4.965	-13.253	0.000	-18.218
Capital	-0.614	-0.727	0.000	-1.341
Terms & Conditions	-0.485	-1.102	0.000	-1.587
Procurement	-5.067	-0.270	-0.135	-5.472
Shared Services	-0.190	-0.205	-2.000	-2.395
Income and Rates of Return	-7.308	-5.996	-2.900	-16.204

Assumptions under Risk Review	4.230	5.156	0.000	9.386
Back office subtotal	-18.875	-17.129	-5.035	-41.039
Reducing Standards, including eligibility	-2.977	-5.225	-0.800	-9.002
Ceasing Service	-3.297	-1.590	0.000	-4.887
Front line subtotal	-6.274	-6.815	-0.800	-13.889
Shortfall	-11.572	-4.096	0.000	-15.668
Total	-36.721	-28.040	-5.835	-70.596

2.8. 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.

2.9. 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	-3.848	-4.476
1b Lean	-1.890	-0.200	-0.116	-0.242	-2.517	-4.965
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	-0.237	-0.485
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	-5.067
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	-2.350	0.337	-0.502	0.000	-2.977
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	-3.297
4c Change assumptions	-0.400	-3.156	0.000	0.000	7.786	4.230
Shortfall	-5.204	-5.235	-0.167	-0.250	-0.716	-11.572
Total	-8.357	-16.296	-3.458	-2.214	-6.396	-36.721

3. Commentary on savings rated RED

3.1. Following review, 14 savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £11.343m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

- 3.1.1. COM018 – Review Care Arranging Service – forecast 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 will in fact be additional workload responsibilities for this team and alternative means of achieving this saving are being sought within the department.
- 3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall £0.100m: A tender for the reprocurement of home care services in West Norfolk and in Yarmouth and Waveney has been advertised. The Great Yarmouth and Waveney tender is being run jointly with Suffolk County Council to deliver a more integrated and efficient service. However this has resulted in a delay in the original procurement timetable. Full year savings will not be achieved in 2015-16 as the new contract will commence on 1st November 2015.
- 3.1.3. GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall £0.100m: A detailed review of the individuals who receive a separate day care and residential care service has concluded that this saving is unlikely to be achieved in most cases. The Adult Social Services Cost of Care exercise is examining placement costs in Norfolk in detail and will inform work on this proposal.
- 3.1.4. COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall £1.000m: Current forecasts show that £1.000m of the £2.000m saving to change how we provide care for people with learning disabilities or physical disabilities will be achieved in 2015-16. The saving involves re-assessing existing service users and where appropriate providing alternative and most 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. This project is under review to ensure that all possible savings can be achieved.
- 3.1.5. COM033 – Reduce funding for Wellbeing Activities – forecast shortfall £3.000m: Estimates show that £3.000m of the £6.000m saving from reducing funding for those who receive support from a personal budget will be delivered. 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 it is uncertain whether the full £6.000m saving will be achieved in 2015-16. Additional reviewing capacity has been brought in to speed up this process, and the project is being very closely monitored by senior management in the department.
- 3.1.6. ASC002 – Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies – forecast 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 the iHub but the work done manually to improve data quality and processes alongside the sprint has delivered significant benefits and this saving is therefore being incorporated into the wider Adult Social Care Committee saving from Changing Models of Care. The data needed for the report is in the Hub

data warehouse and we will in due course be developing the iHub reports further so that we can get the data off in automated fashion, reducing the manual effort currently required to run the report.

- 3.1.7. ASC004 – Norse care savings – forecast shortfall £0.500m: Based on the current Norsecare strategic financial plan, there is a shortfall against the current Adult Social Services target, work is underway with Norsecare to reduce the gap and deliver the saving in full.

Communities

- 3.1.8. CMM007 – Income Generation – forecast 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 is now apparent a number of the original proposals have been overtaken by parallel schemes being pursued within the new Corporate Property Team. Current forecasts show £0.200m of the £0.450m target will be 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.

EDT

- 3.1.9. WAS10 – Reduce opening hours at some recycling centres – forecast shortfall £0.167m: None of the budgeted saving of £0.167m from reducing the opening hours at some recycling centres will be delivered, following the Committee decision in March that there should be no changes to opening hours.

Children's

- 3.1.10. 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 – forecast shortfall £5.195m: The number of Looked After Children and agency placements is not reducing as quickly as originally planned and we are forecasting only £2.945m of the £8.140m saving will be delivered.

Policy and Resources

- 3.1.11. P&R020 – Reduce number of interims and temps– forecast shortfall £0.090m: Number of interims and temps not currently reducing. Options to deliver an alternative to this saving are being explored.
- 3.1.12. RES071 – Restructure and reduce staff across HR £0.296m: The Council agreed savings of £0.296m, however resource from HR is being needed to support the organisational change the authority is going through. Only half of this saving will be achieved. Alternative options to deliver the balance of this saving are being explored.
- 3.1.13. P&R016 – Switch off colour printing for shared services staff £0.020m: It has been determined that this proposal is impractical to action and as a result the saving will not be delivered. Alternative options to deliver the balance of this saving are being explored.

- 3.1.14. P&R017 – Further reductions in printing spend £0.090m: We are awaiting the re-tender of the print contract. Saving will not be delivered this year, but in future year when contract is re-tendered.

4. Commentary on savings rated AMBER

- 4.1. Following review, three savings rated as AMBER are forecasting a shortfall of £0.424m. Commentary on these AMBER rated saving is provided below.

Policy and Resources

- 4.1.1. GET015 – Reducing the costs of employment – forecast shortfall £0.220m:
The Council agreed savings of £0.440m from reducing the cost of employment. A shortfall of £0.220m has been identified for the year to date, assuming agreement of the staff car parking proposal elsewhere on the agenda. However, assuming agreement of the staff car parking proposal, the full year saving will be delivered next year.

Children's

- 4.1.2. CHI017 – Review senior management and commissioning structures – forecast shortfall £0.075m: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving can be delivered.
- 4.1.3. CHL008 – Savings in management costs in Children's Services – forecast shortfall £0.129m: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving can be delivered.

5. Summary

- 5.1. The impact of the latest forecast means that shortfalls totalling £5.204m, £5.235m, £0.167m, £0.250m and £0.716m have been identified within the Children's, Adults, EDT, Communities, and P&R budgets respectively and alternative savings will be required within the relevant Committee budgets.

Officer Contact

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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

	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 Savings 2015-18 (Budget)

	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

Savings by Committee 2015-18

	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	-3.848	-4.476
1b Lean	-1.890	-0.200	-0.116	-0.242	-2.517	-4.965
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	-0.237	-0.485
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	-5.067
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	-2.350	0.337	-0.502	0.000	-2.977
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	-3.297
4c Change assumptions	-0.400	-3.156	0.000	0.000	7.786	4.230
Shortfall	-5.204	-5.235	-0.167	-0.250	-0.716	-11.572
Total	-8.357	-16.296	-3.458	-2.214	-6.396	-36.721
Savings 2016-17						
1a Organisation	-0.204	0.000	0.000	-0.052	-0.476	-0.732
1b Lean	-8.484	-1.500	-0.905	-1.440	-0.924	-13.253
1c Capital	-1.000	0.000	0.500	-0.227	0.000	-0.727
1d Terms & Conditions	-0.105	-0.090	-0.031	0.000	-0.876	-1.102
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	-5.296	-5.996
4a Change standards	-2.312	-2.550	-0.280	0.000	-0.083	-5.225
4b Stop doing things	0.000	-1.500	-0.090	0.000	0.000	-1.590
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	5.156
Shortfall	0.204	-4.300	0.000	0.000	0.000	-4.096
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	-0.135	-0.135
2b Shared Services	0.000	0.000	0.000	0.000	-2.000	-2.000
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	0.000	0.000
Total	0.000	-0.800	0.000	0.100	-5.135	-5.835

2015-16 Savings and RAG Status Detail

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			-0.100	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		-1.000	Green
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
		4a Demand Management. Change Standards					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities	-2.000	-3.000		-1.000	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	Green
		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		-3.000	Red
		Sub-total Savings from 2014-17 Budget Round	-11.645	-8.290	0.000	-7.305	
		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
		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			-0.500	Red
		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					
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	-3.756	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.235	
		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		-2.945	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	Amber
		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		-0.400	Blue
		Sub-total Savings from 2014-17 Budget Round	-7.200	-11.901	0.000	-1.930	
		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			-0.625	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
		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	-1.223	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.204	
		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					
		Sub-total Savings from 2014-17 Budget Round	-0.847	-1.924	0.000	-0.847	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		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
		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
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	-1.117	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.250	
		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
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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
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			0.000	Red
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	0.249	
		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
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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
NA	EDT014	Additional savings Business support	-0.100			-0.100	Green
NA	EDT015	Additional savings LED Street lighting	-0.050			-0.050	Green
		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	-3.540	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.167	
		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	Green
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		-0.000	Red
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Amber
		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	Yellow
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		-0.220	Amber
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
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
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	4.293	
		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	Amber
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	Amber
		1b Digital Transformation, BWOW. Lean					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1c	EDT006	Centralise control of software licences	-0.250			-0.250	Green
1c	P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050			-0.050	Green
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			0.000	Red
3b	P&R017	Further reductions in printing spend	-0.090			0.000	Red
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			0.000	Red
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	Green
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			-0.500	Amber
		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
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					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
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	-9.973	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.716	
		Total Savings	-6.396	-4.825	-5.135	-6.396	
		Grand Total Savings	-36.721	-28.040	-5.835	-36.721	

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

Chartered 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 centre* - LL4800, then by *subjective code* 46500 - 'Printing, stationery and photocopying'.

Council Tax	<p>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.</p> <p>For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.</p>
Earmarked reserves	<p>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.</p>
Finance General	<p>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.</p>
Financial Years	<p>The Council's financial year runs from April to March.</p> <p>Prior to the start of each financial year, the Council produces a balanced budget as part of a three year medium term financial strategy.</p> <p>During the year, monthly monitoring reports showing forecast outcomes for each service are presented to the Council's Policy and Resources Committee.</p> <p>At the end of the financial year, closing accounting adjustments are made, and Statutory financial statements are produced, audited, and published in September.</p>
General balances	<p>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 <i>earmarked reserves</i>. The minimum level of general reserves required by the authority to meet unforeseen contingencies is calculated each year, and the balance set aside accordingly.</p>
Medium Term Financial Strategy (MTFS)	<p>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.</p>
Monitoring and forecasting	<p>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.</p>
National non-domestic rates (NNDR)	<p>The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government.</p> <p>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.</p>
Net & gross	<p>The cumulative total of all planned <i>revenue</i> spending for a year is known as the <i>gross expenditure</i>. NCC's income comes from a variety of sources - central government grants, customer receipts, locally retained Business</p>

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 7

Report title:	Strategic and Financial Planning 2016-17 to 2018-19
Date of meeting:	01 September 2015
Responsible Chief Officer:	Executive Director of Finance – Simon George
Strategic impact <p>This report provides the Committee with an update on the strategic and financial planning process for 2016-17 to 2018-19, and positions the County Council to produce its budget for 2016-17 in accordance with the law and proper standards. This in turn helps to ensure that public money is used economically and effectively. The proposed timetable and decision-making process enables the Council to discharge its duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p>	

Executive summary

In June, this Committee agreed the principles of “Reimagining Norfolk”, a strategic framework for the County Council to re-focus its role and pursue its priorities within a radically reduced level of resources. This report provides an update on the activities being undertaken by Service Committees in response, alongside the current projections for the Council’s funding shortfall over the next three years.

The framework for discussions and decision-making over the next few months of Committee meetings set out in this report leads up to the setting of the Budget and Council Tax in February 2016.

Details of policy developments and announcements from the Government are beginning to emerge following the Summer Budget, although there remains significant uncertainty about the likely impact on the County Council ahead of the Spending Review and Local Government Finance Settlement due later in the year.

Following the development of initial ideas for savings to address the forecast 2016-17 budget gap, the report recommends that Service Committees consider proposals which could be progressed in the current financial year, 2015-16, to deliver early savings.

Recommendations:

Policy and Resources Committee is asked to:

- **Note the progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan, and the timetable for Committee decisions over the coming months.**

- **Note the potential impact of Government's national policy decisions on Norfolk County Council, and the significant areas of uncertainty remaining.**
- **Recommend that Service Committees in September consider their spending proposals:**
 - a) **in light of budgets based on 75% of their addressable spend, to allow for choices and options to be considered initially at October Policy and Resources Committee; and**
 - b) **in light of the reductions required to achieve a balanced budget for 2016-17 to 2018-19 (84% of addressable spend over three years).**
 - **This equates to a £42.028m reduction in expenditure across the Council in 2016-17, delivering the first year of the £110.593m budget gap as identified in the 1st June *Reimagining Norfolk* Policy and Resources report.**
- **Recommend that Service Committees consider the potential for early savings to revenue budgets for in-year delivery in 2015-16.**

1. Background

- 1.1. Re-Imagining Norfolk, agreed by this Committee in June, set out a direction for the County Council which will radically change its role and the way it delivers services. It commits the Authority to delivering the Council's vision and priorities for Norfolk making it clear that the future lies in working effectively across the whole public service on a local basis.
- 1.2. As an early step in the Council's approach to service and financial planning for 2016-17 to 2018-19, Committees were asked to consider the impact of re-modelling their services based on 75% of their current addressable spend.
- 1.3. This paper sets out the next steps in the strategic and financial planning process and provides details of the illustrative budgets and associated budget gaps which should be incorporated into the individual Committee's budget considerations. These figures illustrate the target budgets providing for both member choice, and the levels of reductions required to achieve a balanced budget, based on current funding projections.
- 1.4. The Government's recent announcements as part of the Summer Budget and subsequent guidance issued to accompany the Spending Review have provided some further details about the financial prospects for Local Government. However, as set out below, at present there remains very considerable uncertainty about the likely impact on the Council's funding for 2016-17.

2. Committee and decision-making timetable

- 2.1. Committee Chairs will be asked to update Policy and Resources Committee on service and financial planning when it meets on September 28th 2015. In line with its constitutional role, Policy and Resources Committee may at this point need to provide further guidance for service committees in the light of any updated financial forecasts.

- 2.2. All service committees are meeting during October and will be requested to finalise and agree a future model of services and a set of savings proposals for 2016-17 to 2018-19, highlighting those which require formal public consultation.
- 2.3. The full set of proposals will be considered by Policy and Resources Committee at its meeting on October 26th 2015. At this meeting Policy and Resources Committee will receive advice and recommendations from Committees and will:
- Review all proposals from Committees to ensure that collectively they will enable the Council to achieve a balanced, sustainable budget;
 - Agree any proposals which require more detailed formal consultation because of their impact on specific users or residents; and
 - Agree arrangements for assessing the impact of any proposals in line with Equalities legislation, ensuring there are sound arrangements for individuals and groups directly affected by potential proposals to have an opportunity to voice their views.
- 2.4. In November, Committees will be able to consider feedback from statutory consultation and engagement so far. The consultation will close on January 15th 2016. At their meetings in the last week of January, Committees will review the findings and public consultation, the outcome of the local government settlement, other risk and impact assessments and agree final proposed budget savings.
- 2.5. It is the role of Policy and Resources Committee to recommend a set of proposals to Full Council. This will take place at its meeting on February 8th 2016 and Full Council on February 22nd 2016 will agree the Council's budget.
- 2.6. The latest Budget and Service Planning timetable is summarised in Appendix 1 to this report.

3. National financial context

- 3.1. The Summer Budget announced by the Chancellor on the 8th July 2015 indicated that the pace of deficit reduction over this parliament would be similar to that experienced under the Coalition. This represents a longer and slower reduction of the deficit than that suggested by the previous budget in March 2015. A budget surplus is now forecast in 2019-20 – one year later than previously planned, with average reductions in the deficit of 1% of GDP a year.
- 3.2. Limited detail about the implications for Local Government was provided in the Summer Budget, but it did confirm that £37bn of savings need to be delivered over the life of this parliament, with £12bn from welfare and £5bn from tax-related measures being announced. The remaining £20bn of savings are expected to come mainly from Government departments, and will be announced at the Spending Review on 25th November 2015.
- 3.3. The key headlines from the Summer Budget which are likely to impact on Local Government are:
- The introduction of a new National Living Wage for the over 25s. The National Living Wage is set to reach £9.00 an hour by 2020, starting at £7.20 from April 2016. Work is currently underway to assess the full implications of

the National Living Wage for the County Council. The impact on the Council's directly employed workforce is initially likely to be small (although it will increase up to 2020), however there is potential for significant cost pressures to be experienced in contracted services particularly within social care and waste.

- Further progress is to be made to deliver devolution to a local level. The first County devolution deal has been agreed with Cornwall and plans to give Local Authorities powers to set Sunday trading hours were confirmed.
- The standard rate of Insurance Premium Tax will increase from 6% to 9.5%
- The Chancellor announced plans for public sector pay increases to be limited to 1% for the next four years. This is likely to be taken into account in national pay negotiations.
- The Chancellor indicated that local authority pension funds will be forced to pool investments if they do not achieve agreed savings targets. The government will invite local authorities to propose their own plans to deliver "common criteria for savings", suggesting that authorities that do not come forward with sufficiently ambitious proposals will be required to pool investments.
- The Chancellor confirmed the £15bn of funding for new roads for the rest of the decade announced in the last parliament. A new Roads Fund is to be established from an updated Vehicle Excise Duty system.

3.4. There remains considerable uncertainty about how the £20bn of savings from Government departments will be achieved ahead of the Spending Review, although the Chancellor confirmed in the Summer Budget that Defence is to be added to the list of protected spending, joining Education, the NHS and International Aid. The effect of this continuing protection is to increase the impact of deficit reduction plans on the remaining unprotected areas. The Spending Review has directed Government departments to plan for reductions of 25% and 40% over the term of the parliament.

3.5. The County Council's individual funding allocation will not be known until the publication of draft Local Government Settlement figures, which are expected to be released in late December.

4. Council financial planning 2016-17 to 2018-19

4.1. Following the Summer Budget, limited additional information to inform financial planning has been forthcoming. As reported to this Committee in July, a projected budget 'gap' of £148.849m over the three years 2016-17 to 2018-19 has previously been identified. After taking account of savings agreed in the 2015-16 budget round totalling £33.875m, and a forecast council tax base increase of £4.381m, this leaves a net budget gap of £110.593m. Policy and Resources Committee has also agreed that additional 'headroom' of £58.000m should be built into the budget planning process to allow choices and options to be considered, as well as providing a contingency for adverse funding decisions by the Government. This total savings requirement of £168.594m represents a 25% reduction in "addressable" spend (the expenditure within the budget which can be influenced or controlled by services, which excludes items such as depreciation, pension amounts and long-term contractual commitments such as PFI).

- 4.2. Service Committees in September will consider initial savings proposals to close the budget gap for 2016-17. It is recommended that Committees continue to plan on the basis of the overall gap, but also consider the savings required to close the baseline gap of £110.593m. These positions are set out in Table 1 and 2 below.
- 4.3. It should be noted that the budget figures set out in this paper are based on an assumption that planned budget savings for 2015-16 and future years will be delivered. It is therefore highly important that achievement of current year budget plans remains a key priority for the remainder of the financial year.
- 4.4. The Executive Director of Finance is in the process of undertaking an assurance exercise on the deliverability of the previously budgeted savings for 2016-17 and 2017-18. Any shortfall or anticipated non-deliverability will be reported to a future meeting of this Committee.
- 4.5. As identified in the Financial Monitoring and Savings reports elsewhere on this agenda, there are a number of risks to the delivery of budgeted savings in the current year. As such it is recommended that Service Committees in September focus particularly on consideration of savings proposals which have the potential to be implemented in-year, to support the delivery of a balanced position for 2015-16.
- 4.6. The tables below provide illustrative budgets for the next three years, based on current planning assumptions. For planning purposes the supplementary tables set out details of what these budgets would require in respect of the budget gap identified for each year, by Committee. Table 1 provides details of the budgets including "headroom", allowing for greater Member choice in delivering a balanced budget, Table 2 sets out the budgets without that headroom.

Table 1: Illustrative budgets with reduction of 25% of addressable spend over three years

Committee	Gross Expenditure			
	15-16 £m	16-17 £m	17-18 £m	18-19 £m
Adults	358.963	332.535	315.686	308.170
Children's (Non Schools)	208.605	190.304	183.790	180.738
Communities	103.321	94.219	86.642	81.573
EDT	179.153	172.647	167.442	164.873
P&R (inc. Finance General)	156.698	152.859	148.080	144.592
Grand Total	1,006.739	942.564	901.640	879.947

- 4.7. The gross expenditure figures in Table 1 assume the following budget gap by Committee in each year:

Committee	Budget Gap (with headroom for Member choice)			
	16-17 £m	17-18 £m	18-19 £m	Total £m
Adults	27.223	27.943	19.631	74.796
Children's (Non Schools)	11.595	11.902	8.361	31.858
Communities	8.167	8.383	5.889	22.440
ETD	8.288	8.507	5.976	22.771

P&R (inc. Finance General)	6.089	6.250	4.391	16.729
Grand Total	61.361	62.985	44.248	168.594

Table 2: Illustrative budgets without headroom (reduction of 16% of addressable spend over three years)

Committee	Gross Expenditure			
	15-16 £m	16-17 £m	17-18 £m	18-19 £m
Adults	358.963	341.112	332.840	333.902
Children's (Non Schools)	208.605	193.957	191.097	191.698
Communities	103.321	96.792	91.788	89.293
EDT	179.153	175.259	172.664	172.707
P&R (inc. Finance General)	156.698	154.777	151.917	150.347
Grand Total	1,006.739	961.897	940.307	937.947

4.8. The gross expenditure figures in Table 2 assume the following budget gap by Committee in each year:

Table 2.1 Budget Gap (without headroom for Member choice)				
Committee	16-17 £m	17-18 £m	18-19 £m	Total £m
Adults	18.646	19.366	11.053	49.064
Children's (Non Schools)	7.942	8.249	4.708	20.898
Communities	5.594	5.810	3.316	14.720
ETD	5.676	5.896	3.365	14.937
P&R (inc. Finance General)	4.170	4.331	2.472	10.974
Grand Total	42.028	43.651	24.914	110.593

4.9. Table 3 below provides details of the underlying assumptions for pressures and savings included in the illustrative budget figures set out in Tables 1 and 2. Service Committees in September will consider initial savings proposals and the outcomes of these discussions will be used to inform the preparation of an updated position to be reported to this Committee at its meeting 28th September 2015.

Table 3: Budget planning assumptions 2016-17 to 2018-19

	Adults	Children's (Non Schools)	Communities	EDT	P&R (including Finance General)	Grand Total
	£m	£m	£m	£m	£m	£m
Gross Expenditure 2015-16	358.963	208.605	103.321	179.153	156.698	1,006.739
Inflation on gross expenditure 16-19	17.367	9.785	2.430	9.942	2.735	42.260

Legislative changes impact on gross expenditure 16-19	0.000	0.000	0.000	0.000	9.068	9.068
Demand and demographic growth on gross expenditure 16-19	18.076	6.108	0.000	0.000	0.000	24.184
County Council Plan changes on gross expenditure 16-19	0.000	0.000	-0.030	0.000	1.250	1.220
Previously identified savings on gross expenditure 16-19	-11.440	-11.901	-1.709	-1.451	-8.430	-34.931
Savings to be identified 16-19	-74.796	-31.858	-22.440	-22.771	-16.729	-168.594
Gross expenditure 2018-19	308.170	180.738	81.573	164.873	144.592	879.947
Add back budget gap "headroom"	25.732	10.959	7.720	7.834	5.755	58.000
Gross expenditure 2018-19 without headroom	333.902	191.697	89.293	172.707	150.347	937.947

5. Issues, risks and innovation

- 5.1. Key financial implications are set out throughout this report. The financial, legal and other implications, including risks, in respect of specific savings proposals, will be set out alongside the relevant proposals when they are made to Service Committees.
- 5.2. As proposals are developed and finalised, equality impact assessments will be developed for proposals that potentially have an impact on identified groups with protected characteristics. A full equality impact assessment report will be published alongside the Policy and Resources budget papers for February 8th 2016.
- 5.3. Formal consultation on budget proposals will be undertaken between November and January.

6. Summary

- 6.1. This paper provides an update on the strategic and financial planning process leading up to the setting of the Budget in February 2016. Service Committees will now be considering their individual budgets in September and October, and further details, including the potential to achieve additional savings in-year for 2015-16, will be reported back to this Committee in due course.

Background Papers

Re-Imagining Norfolk – Service and Financial Planning 2016-19 for Policy and Resources

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/374/Committee/21/SelectedTab/Documents/Default.aspx>

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2016-17 Budget and Service Planning Timetable

Activity/Milestone	Time frame
Service Committees consider initial savings proposals and undertake service planning in the context of 75% of addressable budgets	September 2015
Policy and Resources Committee receive feedback on initial service and financial planning and review the latest forecast financial position for 2016-17 to 2018-19	28 September 2015
Member review of any further financial updates or information from expected Government consultations affecting funding settlement Service Committees consider further proposals for savings to close budget gap, and agree proposals requiring public consultation	October 2015
Policy and Resources Committee considers budget proposals in the round	26 October 2015
Consultation on new planning proposals and council tax 2016-17 to 2018-19	November 2015 to early January 2016
Spending Review 2015	25 November 2015
Assess implications of Spending Review 2015	Late November and December 2015
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options and early feedback from statutory consultation and engagement activity	November 2015
Chancellor's Autumn Statement and Provisional Finance Settlement	Late December 2015
Consultation closes	15 January 2016
Service reporting to Members of service and financial planning and consultation feedback	January 2016
Committees consider outcomes of public consultation and local government settlement, and agree revenue budget and capital programme recommendations to County Council	Late January 2016
Policy and Resources consider consolidated budget position to recommend budget proposals to County Council	8 February 2016
County Council agree Medium Term Financial Strategy, revenue budget, capital programme and level of Council Tax	22 February 2016

Policy and Resources Committee

Item No 8

Report title:	Staff Car Parking
Date of meeting:	1 September 2015
Responsible Chief Officer:	Executive Director of Finance
Strategic impact The policy options recommended to members in this report set a framework to allow the Council to make more effective use of its car parking assets. Effective and efficient use of these assets is vital to support delivery of services as part of Re-Imagining Norfolk. Implementation of the Policy at an early stage will also allow the Council to achieve a budgeted saving approved at Full Council in February 2015.	

Executive summary

The Council has a number of significant financial savings in its Medium Term Financial Strategy pertaining to the more efficient use of its property asset base, this will also be an important part of “Re-imagining Norfolk” in the design of service delivery in the coming years. Efficiencies in the use of property assets will be achieved in the main by reducing the number of buildings the council owns or leases and increasing the utilisation of those that remain. In this scenario it is likely that pressure for car parking spaces will continue to rise and as such a new policy is required.

Recommendations:

Policy and Resources Committee is asked to:

- 1. Approve the principle of charging staff for car parking at Council properties. The application of car parking charges being an enabler for the efficient use of council buildings and not merely a revenue stream.**
- 2. Approve the following overarching principles for the new staff car parking charging policy:**
 - a. The charge should be based on usage, i.e. a pay-as-you-go, daily charge.**
 - b. The charge should be progressive, that is to say more highly paid members of staff pay more.**
 - c. Facility should be made to allow very short visits to council buildings at nil charge.**
 - d. For council buildings in Norwich the charge should be more expensive than Park and Ride to encourage use of that option.**
 - e. The charge will be discounted for holders of disabled “Blue Badges”**
- 3. Approve either of the following principles for the staff car park charging policy:**
 - a. The charging tariff should be structured to charge members of staff more who live within 3 miles of their principle operational base.**

Or

b. The charging tariff should take no account of where members of staff live.

- 4. Delegate to the Executive Director of Finance the responsibility for producing the detail Staff Car Parking Policy in accordance with the principles agreed above.**
- 5. Note that the first location where this policy will be introduced will be the County Hall campus.**
- 6. Note that a charging policy could be applied to elected members. This would need to be the subject of a further report.**

1. Proposal

- 1.1. At Full Council in February members approved a number of savings related to the management of the Council's property estate. By far the largest (£7.3m over three years) pertain to the rationalisation of the property estate and driving down the cost of the retained estate.
- 1.2. This will lead to the intensification of the use of remaining buildings, which will inevitably lead to further pressure on car parking facilities. It is noted that there is already considerable pressure on Parking at County Hall.
- 1.3. The challenge for the Council is effectively managing car parking to ensure that rationalisation of space does not adversely impact upon performance. In this respect the options available would either be to increase the amount of administration devoted to managing space and parking rotas or alternatively seek to reduce overall pressure on parking by introduction of a pricing mechanism.
- 1.4. In anticipation of the introduction of charges for staff car parking in February 2015 members approved a specific saving that identified £457k of revenue to be achieved from "Better ways of working: Terms and Conditions" - this saving for 2015/16 was discussed at P&R committee on the 26th January in the context of charging for staff for Car-Parking. The saving was then referred to County Council where it was approved.
- 1.5. Members expressed concern over the introduction of a charging policy for car parking. The above principles outlined in the recommendation 2 and 3 are a response to those concerns. In particular the issue of charging a differential rate for staff on lower pay.
- 1.6. The proposed policy sets out a framework for the application of charging members of staff parking at NCC premises. This policy is not specific for any particular building and in this respect delegates to the Executive Director of Finance to devise proposals for any building at which the policy is to be applied. Nonetheless there will be an overarching set of principles to guide application of the policy, one of which being that application is based on the need to manage space at the premises and not merely as a potential revenue stream. Every employee who parks on site will need to pay, this includes employees of other organisations that are based at council buildings.

- 1.7. It is proposed to implement a policy that charges staff on a daily basis for the use of Council Car Parks (Using what technological solution is most expedient – Existing Card Readers, Number plate recognition etc). The reason for a daily charge is that the alternative of advance payment for a set period does not create sufficient disincentive to use the council car parks, indeed once a fee has been paid the opposite would be the case. The concept of “non parking days” will be retained to allow for further flexibility in managing demand.
- 1.8. To recognise that paying to park at council buildings could impact more on lower paid staff and that they may see this as reduction in pay, it is proposed to make the charge progressive. This is likely to mean that we have a target price and staff on higher salaries will pay a percentage more than this charge with lower paid staff paying a discounted price. The detail of this will be worked through by officers.
- 1.9. It is an operational requirement for our front-line staff to visit buildings for a short period of time during the course of their duties. The policy will be written to accommodate this need, potentially with a discounted rate for those that stay for a period of a few hours with a nil charge for very short visits. In addition only one daily charge will be levied for staff that visit multiple buildings in a day.
- 1.10. The Norwich Park and Ride scheme provides members of staff with a further option for undertaking their travel to work, in particular to the County Hall campus. As such the policy will ensure the charge is more than the Park and Ride cost to encourage use of that option and further reduce the pressure on Council Car Parks.
- 1.11. There is also the option of allowing the policy to reflect the fact that it is to some extent easier for staff to travel shorter distances to work via alternative means – Public Transport, walk, cycle – and as such a differential rate should apply to those living less than three miles from their operational base. The address held on staff HR files will be used for the basis of this assessment.
- 1.12. When earlier work was undertaken on proposals for charging staff for car parking the question was raised as to whether this should apply to elected members. The new policy as set out does not apply to elected members but leaves open the possibility that charges to elected members could be applied in the future. This would be via a separate report to this committee

2. Financial Implications

- 2.1. The policy will help to facilitate the delivery of significant savings to the Council, all of which were agreed at Full Council in February 2015.
 - £7.3m of property related savings over three years
 - £457k “better ways of working: Terms and Conditions”. Discussed at P&R in the context of Staff Car Parking.
- 2.2. Due to delays in implementing the policy the full £457k is unlikely to be achieved in 2015/16 as detailed on the Savings Tracker report elsewhere on the agenda.
- 2.3. There will be some one-off set up expenditure to implement the most effective technology to manage the policy. This will be contained within existing budgets.

3. Issues, risks and innovation

- 3.1. The policy will be subject to a full Equalities Impact Assessment.

3.2. The recognised unions have been consulted on the policy.

4. Background

16th February 2015 Council Report

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/306/Committee/2/Default.aspx>

Officer Contact

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Policy and Resources Committee

Item No 9

Report title:	Re-Imagining Norfolk Update
Date of meeting:	1 September 2015
Responsible Chief Officer:	Dr Wendy Thomson, Managing Director
Strategic impact	
Re-Imagining Norfolk is the Council's agreed strategic framework for the County Council to re-focus its role and pursue its priorities within a radically reduced level of resources over the next 3 years.	

Executive summary

Re-Imagining Norfolk was agreed by Policy and Resources in June 2015. It set the strategic direction for the Council and provides the framework for a multi-year strategy underpinned by robust medium term financial and service plans. During the Autumn, individual committees will be considering their future service models in the context of the continuing funding constraints for local government.

This paper updates on four elements of Re-Imagining Norfolk, all of which complement the work led by individual service committees as they consider and agree future service models as part of the medium term budget planning process. The four areas of work are:

- The Council's priorities – Re-Imagining Norfolk provides the framework for setting specific objectives against these priorities, and developing the metrics necessary to define, deliver and measure outcomes.
- Opportunities as part of the Government's devolution agenda – an update of discussions to date.
- Work towards a virtual public service for Norfolk – an outline of initial work underway to maximise opportunities for collaboration on public service reform with the police, health and local authorities.
- The Corporate Bid Team – briefing on the work of this team which has been established to make Norfolk successfully compete for external grants, as one of our initiatives to raise more revenue.

Recommendations:

Members are asked to note and comment on the progress set out in the paper

1. Background

- 1.1 Re-Imagining Norfolk sets out a strategic direction for the Council which will radically change the role of the County Council and the way it delivers services. Policy and Resources Committee endorsed the strategy in June as a framework for a multi-year strategy underpinned by robust medium term financial and performance plans.
- 1.2 Re-Imagining Norfolk strategy has three elements:
- a) **Norfolk's Ambition and Priorities** – our priorities place the people of Norfolk at the forefront of our plans and investments and we must ensure that everything the Council does improves people's opportunities and well-being. Obvious perhaps, but with dramatic spending reductions, the risk is to become pre-occupied with our own internal organisation and budget cuts.
 - b) **A 'Norfolk public service'** – The people of Norfolk require a seamless continuum of services, targeted to those who need them most, regardless of the multiple and separate institutions responsible for delivering them. By re-imagining services, the county can work with communities and other public services to redesign services around people's lives, wherever possible, achieving better outcomes at less cost.
 - c) **Improving the Council's internal organisation** - addressing the need for the Council to continue its journey of improving efficiency and modernisation, radically re-shaping its capacity while taking out costs.
- 1.3 The overarching themes within Re-Imagining Norfolk provide the context for service redesign and service planning currently being considered through all service committees. This paper provides an update on other key areas of work within Re-Imagining Norfolk.

2. Norfolk's Ambition and Priorities

- 2.1 The Council's four priorities reflect those areas which were identified through the extensive public consultation "Putting People First", following the 2013 election. Whilst there are many other calls on resources and other activities, the Council has recognised that by giving specific priority to these four critically important areas, we can make most impact for Norfolk people.
- 2.2 **Excellence in education** - We will champion our children and young people's right to an excellent education, training and preparation for employment because we believe they have the talent and ability to compete with the best.
- 2.3 **Real jobs** - We will promote employment that offers security, opportunities and a good level of pay for our residents.
- 2.4 **Good infrastructure** – We will make Norfolk a place where businesses can succeed and grow. We will promote improvements to our transport and technology infrastructure to make Norfolk a great place to do business.

- 2.5 Supporting vulnerable people** – we will work to improve and support quality of life, particularly for Norfolk’s most vulnerable people.
- 2.6** Helping more people into real jobs and obtaining good qualifications, within a county which is accessible and connected to the rest of the country, represent critical outcomes in order for Norfolk to thrive and people living here are to be able to lead independent and fulfilling lives. Just as important is for our most vulnerable residents to have access to a continuum of community services.
- 2.7** As part of Re-Imagining Norfolk we are: a) translating these priorities into specific objectives; b) developing the metrics necessary to define and measure outcomes against these objectives, and c) mapping out the actions that must be taken by services across the council to achieve the desired results. Whilst much has been achieved to date, in the current resource context, we must now ensure that the Council’s priorities are explicitly determining the choices the Council faces in terms of its strategy, plans and performance management.
- 2.8** Development work has been undertaken by cross-departmental teams of officers, led by Assistant Directors, and attached at Appendix A is a draft framework which shows progress so far. The framework we have employed is based on the model of “Accountability for Results” which is used in many high-performing authorities.
- 2.9** Initial work has developed more detail under each of the priorities, beginning to set out what success would look like, and the difference Norfolk people could expect to see or experience. To develop this work further, two Member workshops have been arranged for Wednesday 30th September and Monday 5th October to give all members an opportunity to input and influence how priorities are planned and put into practice. We are clear that successful delivery requires contributions from other organisations beyond the County Council, and further engagement with partners is taking place over the autumn.
- 2.10** A set of objectives and measurable outcomes will be reported for consideration by Committees in January 2016, to ensure that priorities are made an explicit part of the Council’s multi-year strategy and service plans. Officers will provide evidence of the impact of different spending decisions on delivering those priorities, to help Members decide where to invest.

3 Devolution - working together to identify options

- 3.1** The devolution to local areas of responsibility for economic development and public service reform is a central plank of the current Government’s policy and is considered to be a key contributor to deficit reduction and increasing productivity.
- 3.2** In his first speech of the new Parliament, Chancellor George Osborne underlined the Government’s approach to devolution. Since then, rapid steps have been taken to introduce legislation to permit the devolution of powers over functions such as economic development, housing, transport, planning and policing.
- 3.3** The Cities and Local Government Devolution Bill was announced in the Queen’s Speech on the 27 May and presented to the House of Lords for its first reading on the 28 May. The Bill has now completed its passage through the House of

Lords and is due to go to the House of Commons in the Autumn with Royal Assent to follow some time in 2016.

- 3.4** The Cities and Local Government Devolution Bill is 'enabling legislation', which sets out a proposed legislative framework that is intended to allow local authorities and the Secretary of State for Communities and Local Government to negotiate individual devolution arrangements through the flexible use of secondary legislation.
- 3.5** The Bill does not set functions to be devolved in each local area but instead allows for individual Orders to be passed, establishing a unique set of functions for each area to best suit local circumstances and Government requirements.
- 3.6** The Government has indicated its interest in reaching devolution deals quickly and is negotiating with local authorities in advance of the Devolution Bill being passed. In his July Budget speech, the Chancellor indicated that councils wishing to bid for 'significant' devolved powers would need to have an agreement submitted to Ministers before the Autumn Spending Review on the 4 September. While local areas will still be able to put in proposals after this date, there are advantages in being amongst the early devolution deals.
- 3.7** Greater autonomy over such strategic issues as transport, economic development, housing, flood defence, strategic planning would support the County Council's ambitions for Norfolk. As reported in June, the Chief Executives of Norfolk's eight councils and the Chief Constable commissioned external consultants to conduct preliminary research and propose options for a Norfolk response to the Government's devolution agenda.
- 3.8** On the back of this, officers are carrying out some swift work to identify the potential themes where greater autonomy would both deliver benefits for Norfolk residents, and support the Government's productivity and public service reform agenda. The following themes are being explored:
- Transport/infrastructure
 - Health and social care
 - Flooding
 - Blue light
 - Skills/economic development/DWP work programme
 - Planning and housing
- 3.9** Government Ministers have indicated that they expect devolution to be to areas of significant geographic scale, with strong governance and accountability. The Council has indicated that it would be keen to work with Suffolk on a multi-county proposal to give autonomy across the two county areas, on those strategic issues set out above. Any such arrangement would need to build on and extend the success of the existing City Deals in Greater Norwich and Greater Ipswich potentially through so-called 'double' devolution.
- 3.10** A verbal update on progress to date with discussions will be given at the meeting.

4 One ‘virtual’ public service for Norfolk

- 4.1** Re-Imagining Norfolk seeks to address the need for services to promote independence and provide support which helps people to stay in control of their own lives and in the majority of cases living with their family in their own homes. This requires a shift from finding needs and meeting them, to building on people’s strengths and making them experts in charge of their own lives. It also requires a model of working with partners and communities which sees multi-disciplinary teams, ideally co-located, with agencies supporting individuals and families appropriately.
- 4.2** With fewer resources, the goal is for people to experience a coherent ‘public service’ across Norfolk guided by achieving the best results regardless of jurisdictions or constraints about who does what.
- 4.3** Led by the Norfolk Chief Executives Group, planning is underway to identify services and functions that can be better coordinated across authorities to achieve a more integrated and effective public service in Norfolk at less cost, given the significant reduction in finances facing most agencies. Senior officers across the police and local authorities in Norfolk are meeting in mid-September to develop a common agenda for more effective management and cooperation across the County.
- 4.4** The aim is to identify practical working solutions to some of the big issues facing councils and the constabulary, particularly those where demand for intensive services is notably higher than other similar areas – for example - the number of looked after children and the number of people in permanent residential care. The intention is to learn from effective collaborative working to date, for example, by the early help hub in South Norfolk, where teams from different organisations cluster to support families or individuals – rather than expecting families to navigate through and between separate parts of the public sector.
- 4.5** In parallel with this work, the Council is convening a programme of whole system work across the Health and Social Care economy in Norfolk to bring about transformational change in the delivery of services to achieve a resilient and sustainable future for health and social care.
- 4.6** The programme recognises that unless we as health and social care organisations innovate and successfully implement change together to deliver effective community based services we will simply not be able to provide sustainable health and social care services in Norfolk in the future..
- 4.7** This programme has the support, and commitment of NHS England and all of our NHS and care partners, both providers and commissioners and involves a Norfolk whole system review. In order to leverage current best practice and accelerate the pace of change we have secured the support of some of today’s leading thinkers and practitioners of integrated care in the UK, Sir John Oldham and Paul Corrigan, to provide active input and facilitation of the programme.

- 4.8** This work is being done in conjunction with the strategic planning and service redesign that is being conducted across the Council, through Re-Imagining Norfolk's three-year service and financial planning.

5 Corporate Bidding Team

- 5.1** The Corporate Bidding Team (CBT) was established in May 2015 to support the Council in ensuring we compete successfully when there are opportunities to gain grants from dedicated funding programmes. The Team's role is to proactively identify external funding opportunities, develop and submit proposals, whilst building capacity across the departments to maximise our income from external funding where this can help meet the Council's priorities.
- 5.2** The team comprises officer representatives from each department, and to date the focus has been to:
- (a) Capture a baseline on what has been achieved in attracting external funding over the past 2 years.
 - (b) Raise awareness of opportunities and share information regarding current applications so that the organisation knows what it is bidding for and the value it adds.
 - (c) To establish a process for governance of bids that includes sign off for the application; performance and delivery of successful applications and building organisational bid writing capacity.
- 5.3** The Council already has a sound track record of attracting external grants through a wide range of different bidding opportunities, and this is likely to become increasingly important as mainstream revenue support grant for local authorities continues to diminish. Councils will need to become more inventive and creative in seeking alternative and additional funding sources, which can be spent against critical improvement areas for local people.
- 5.4** Analysis to date by the Corporate Bidding Team has identified almost £61 million of 'live' projects – that is, projects currently being delivered as a result of successful bids. In the pipeline, departments have put in bids which if successful would bring around £15 million of funding. The tables below show the breakdown by department for current bids and pipeline bids. The figures are subject to final validation, and are shared here on a provisional basis.
- 5.5** The Team is rolling out training to departments in September to hone and sharpen bid-writing skills. Work has begun with departments to 'match' specific funding requirements with potential bid opportunities and direct expertise and capacity to where it can have most impact.
- 5.6** A more detailed breakdown of projects to date, those in the pipeline, and targets for future funding matched against key service priorities will be taken to Committees during the Autumn.
- 5.7 Table A - Live Projects**

5.7.1 The list of live projects taken from the database have been identified by the Corporate Bid Team over the past 3 months, and show NCC's current track record of securing grants through bids to external funding opportunities.

Service Department	Number of Projects	Total Grant Awarded
Corporate	8	£ 230,497.00
Adult Social Care	1	£ -
Children's Services	2	£ 98,594.74
Community and Environmental Services	38	£ 60,315,971.00
Finance	0	£ -
Property, Facilities and Graphics (NPS)	0	£ -
Resources – Learning Development	0	£ -
Resources – Public Health	0	£ -
TOTAL	49	£ 60,645,062.74

5.8 Table B - Projects in Development

5.8.1 Projects in Development that feature on the CBT Database encompasses any project which is in development by officers of NCC, and any project where an application has been submitted for appraisal.

Service Department	Number of Projects	Total Grant Bid for
Corporate	0	£ -
Adult Social Care	1	£ 5,000.00
Children's Services	6	£ 8,390,000.00
Community and Environmental Services	31	£ 6,292,537.00
Communications	1	£ -
Finance	0	£ -
Property, Facilities and Graphics (NPS)	0	£ -
Resources – Learning Development	4	£ 131,500.00
Resources – Public Health	2	£ 630,000.00
TOTAL	45	£ 15,449,037.00

6 Recommendation

6.1 Members are invited to note and comment on the progress set out in the paper

Officer Contact

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

Officer Name: **Tel No:** **Email address:**

Wendy Thomson 01603 222000 wendy.thomson@norfolk.gov.uk



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Priorities – the starting point for the outcome framework (also known as population outcomes). Members have identified these as the most significant areas of work that Norfolk County Council are concerned with achieving as they represent key areas that will achieve the greatest impact for Norfolk and its Communities.

Real Jobs

Good Infrastructure

Excellence in education

Supporting vulnerable people

Sub-Outcomes – the second level of the outcome framework which explains the detail behind each of the priorities. This gives a clear indication of what 'good' looks like and what the people of Norfolk should expect to see and experience in their own lives.

Secure more high value jobs
Make Norfolk the first choice for business
Everyone who is able to work has the opportunity to

Infrastructure makes it a great place to live, work and visit
Communities are resilient, confident and safe

Children and young people are ready and able to learn
Learners realise their potential
People value education as a means to living independently

All vulnerable people who live, work, learn and are cared for will be safe
Vulnerable people are more resilient and independent

Improvement curve – the third level of the outcome framework which explains what we want to change. This level begins to show how we will measure and monitor progress and provides the basis for a performance framework which can be used to hold services to account.

There are more high value jobs in Norfolk's growth sectors
On average workers earn more
Businesses are attracted here and prosper
Businesses grow sustainably
More people are supported to start their own businesses
A highly-skilled workforce encourages investment
More people have full-time permanent jobs
People on benefits can find work quickly

A good transport network and journey times
All of Norfolk is connected via fast internet
Growth is delivered sustainably
Households produce less waste and we have lower costs of dealing with it
People and their property are better protected from flooding and climate impact
Norfolk's environment is protected
Fewer people are killed or seriously injured on Norfolk's roads
Individuals, communities and public service working better together

Children reach the expected early learning goals by the time they start key stage 1 (age 5)
Children start secondary school (age 11) at the expected level in reading and mathematics
Children make at least expected progress and most make better than expected progress at primary school
Children make at least expected and many make better than expected progress at secondary school
All schools and education establishments are judged good or better by Ofsted
14 to 19 year olds are encouraged and guided to make appropriate choices
Young people reaching adulthood feel equipped to make life choices and to take responsibility for themselves and their future

Fewer vulnerable people die in accidents and incidents including fires
More children and young people live with their families
Children and young people are safe from harm
Vulnerable adults are safe from harm
More people live and die in their own homes
Fewer people need a social care service from NCC
People know who to ask for the right help, information or advice
Wherever possible people with long term conditions manage their own care

To be developed – a set of evidence based activities which will achieve these outcomes; a set of measures to track improvement, and a set of realistic but challenging targets within the three year planning period 2016-2019.

Norse Group Annual Report 2014-15 and Trading Update

Report by the Managing Director of the Norse Group Ltd

This report outlines the results of the Norse Group Ltd for the financial year 2014-15.

The report also details the economic impact of the Norse Group in Norfolk.

1.0 Introduction

- 1.1 The Norse Group was formed in 2006 and brought together Norse Commercial Services Ltd (formerly Norfolk County Services Ltd), NPS Property Consultants Ltd and their subsidiaries and, from 1 April 2011, NorseCare Ltd.
- 1.2 The Norse Group has 41 operating companies delivering a wide range of services from catering, cleaning, environmental services and transport through to property design and management and, most recently, care services for the elderly.
- 1.3 The final audited accounts of the Norse Group for the financial year 2014-15 were approved at its Annual General Meeting on 29 June 2015. (The Accounts can be reviewed in full in hard copy in the Members' Room and also via the link given at the end of this report.)
- 1.4 The key performance indicators were:
- | | |
|---------------------------|-----------|
| • Group revenue | £251.172M |
| • Gross profit | £60.590M |
| • Net profit | £4.357M |
| • Average no of staff | 10,284 |
| • Aggregated payroll cost | £123.8M |

All the above figures were broadly in line with the Business Plan.

- 1.5 The Group reported a reduction in net cash due to the significant investment in new Dementia Care Units at Lydia Eva Court (Great Yarmouth) and the site currently under construction at Bowthorpe; the Materials Recycling Centre at Costessey; and the installation of PV arrays at a number of sites across the UK.

2.0 **Summary of Business Review 2014-15**

- 2.1 During the reporting period, the Norse Group delivered a comprehensive range of services to both public and private sector clients throughout the UK. It continued to expand and strengthen its position nationwide within its core markets, despite pressures caused by the general economic climate and significant reductions in public expenditure.

2.2 ***Norse Commercial Services Group (NCS)***

- 2.2.1 NCS delivered a wide range of Facilities Management services to its clients. It achieved significant growth through its joint working approach with Local Authorities and a number of further opportunities are being explored.
- 2.2.2 Within the parent company, building maintenance operations continued to deliver strong results. Significant investment was made in IT, and sales and marketing. This included the introduction of a new payroll/HR system, which went live in early 2015, to enhance the capacity and capability of the payroll and HR services.
- 2.2.3 The NCS Group continued to grow its turnover with further growth of 3.4% (£4.6M). As anticipated at the start of the year, like for like turnover was stable, with growth coming from new operations in Newport (South Wales).
- 2.2.4 The NEWS joint venture with the Norfolk District Councils and Norfolk County Council to deliver an enhanced materials recycling contract commenced during the year. In addition, the new joint venture, Great Yarmouth Norse Ltd, commenced operation in this period.
- 2.2.5 The fall in profitability of Norfolk Environmental Waste Services Ltd (NEWS) was due to a number of factors including falling commodity prices, disruptions to recycling operations as the plant was upgraded, and operational difficulties at the Marsham plant.

2.3 ***NPS Property Consultants Ltd Group (NPS)***

- 2.3.1 The NPS Group delivered multi-discipline property consultancy services primarily via nine long-term partnering arrangements with Local Authorities. In addition, the Group also delivered services via a large number of framework contracts with Local Authorities as well as through specific, commercially won contracts with private sector clients.
- 2.3.2 With such a wide and diverse client base, NPS has achieved particular recognition for providing innovative and cost effective solutions to clients' property issues by incorporating best practice principles whilst subscribing to the need to protect the environment and employ sustainable methods of construction wherever possible.
- 2.3.3 The NPS Group's turnover increased from £88.7M to £95.4M (before consolidation adjustments at Norse Group level). This increase was driven by Norwich Norse Building Ltd, which commenced trading during 2014 following the transfer of part of the trading activities previously performed by Norse Commercial Services Ltd. This was offset by a reduction in turnover of £4.3M as a result of the cessation of trading of NPS Stockport Ltd with effect from 31 January 2014.
- 2.3.4 The excellent results have been achieved despite the continuing difficult trading environment, with Local Authorities reducing capital spend and rates coming under pressure from increased competition within the market.

2.4 ***NorseCare Group***

- 2.4.1 The NorseCare Group delivers the management and operation of residential Care Homes for elderly people alongside the provision of care services.
- 2.4.2 Norfolk County Council's portfolio of residential Care Homes and Housing with Care schemes was transferred to the Group in April 2011. Since then, the Group has traded profitably and has focused its attention on reducing labour costs, increasing occupancy rates, and maintaining high levels of care and service quality. The vast majority of the Group's business remains with Norfolk County Council, but the Group has also continued to increase private resident numbers, largely through bringing additional rooms into occupation.
- 2.4.3 The construction of Lydia Eva Court, a brand new dementia care facility in Great Yarmouth, was completed in April 2014 and it opened to residents in June 2014. The award winning design by NPS has won much favourable publicity and the Group will look for opportunities to develop other similar facilities.

2.4.4 With partner Saffron Housing, the Group is currently involved in the development of the Bowthorpe Care Village on the outskirts of Norwich. This combines a new Dementia Care unit with a large Housing with Care scheme. The total cost of the development will be approximately £19M, of which the element funded by NorseCare is £7.6M.

2.4.5 Care Quality Commission accreditation has been maintained for all establishments throughout the reporting period.

3.0 **Trading Outlook**

3.1 There is no sign of any let up in the pressure on Local Authority budgets and the need for new and radical approaches to service delivery becomes ever more important.

3.2 The Norse Group is well positioned to deliver new and innovative service offerings and will need to adapt to the changing model of public services.

3.3 Some areas of activity, such as energy, housing, waste recycling, and residential care of the elderly will continue to grow and develop but more traditional markets relating to schools' capital and maintenance work will further decline.

3.4 The Group has a wide portfolio of clients and services and can respond flexibly as new markets develop.

3.5 A significant on-going challenge for the Group is to secure the right staff to move the business forward. The skill shortages in the fields of operational management and construction professionals are resulting in salary inflation beyond normal wage growth, and there is little scope for the Norse Group to pass this increased cost on to clients.

3.6 The volatility of the cost of the Local Government Pension Scheme (LGPS) remains an issue for the Norse Group and is impacted upon by matters outside the control of the Company.

3.7 It is not envisaged the Group will grow by its trend rate of over 10% in the coming year. Rather it will be seeking to protect its margins.

4.0 **Economic Impact of the Norse Group in Norfolk**

- 4.1 The Group recently engaged SQW, a company that provides research, analysis and advice on economic and social development for the public and private sectors, to refresh its previous study on the economic impact of the Norse Group in Norfolk. (The full report can be reviewed in hard copy in the Members' Room and also via the link given at the end of this report.)
- 4.2 The headlines from the updated report for 2014-15 are:
- Turnover is up by £40M since 2012.
 - 49% of turnover was generated outside Norfolk.
 - From a total of 9,650 people employed by the Group across the country, 5,385 staff live in Norfolk.
 - For every £1 of wage paid, £0.55 was paid to staff in Norfolk.
 - The Group supports 490 local suppliers and 509 jobs in Norfolk (outside the Norse Group) are sustained by employee expenditure.
 - The Group supported 85 apprenticeships; 92 graduate trainees; and over 2,000 staff benefited from the NCS Training Academy.
 - The total gross value added to the Norfolk economy by the Norse Group was £129M.
- 4.3 The recent improvements to the A11 have helped the Group in its activities outside Norfolk but the rail service into London and East to West rail travel remain a cause of concern as work opportunities outside Norfolk and the eastern region are pursued.

5.0 **Resource Implications**

- 5.1 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.

6.0 **Other Implications**

- 6.1 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.

7.0 **Equality Impact Assessment**

- 7.1 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.

8.0 **Section 17 – Crime and Disorder Act**

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

9.0 **Risk Implications/Assessment**

- 9.1 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.
- 9.2 All new major contracts or partnerships are subject to a full business plan and risk assessment.
- 9.3 The wide range of partnerships and contracts held by the Group enables it to manage the risks within acceptable levels.

10.0 **Conclusion**

- 10.1 The Group has continued to meet its Business Plan targets for both growth and profitability despite the very challenging economic environment in the public sector.
- 10.2 The Norse Group contributes very significantly to the economy in Norfolk. The number of jobs supported by the Group is similar to the scale of direct employment in the food manufacturing sector and more than twice as many as employed in broadcasting and publishing in the County. If the direct employment of the Norse Group and indirect employment through the supply chain are taken together, the Group supports just over 6,384 jobs in Norfolk and produces about £129M of GVA.
- 10.3 The support of Members and Officers of the County Council is a key factor in the continued success of the Group in attracting and securing new clients and business.

11.0 **Action Required**

- 11.1 The Committee is asked to note the on-going growth in the business and the benefits the Company continues to bring to the Norfolk economy.

Background Papers

Financial Statements of the Norse Group Ltd for the year ended 31 January 2015.

<http://www.norfolk.gov.uk/view/NCC168292>

SQW Report: The Economic Impacts of the Norse Group.

<http://www.norfolk.gov.uk/view/NCC168291>

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