Norfolk County Council

Policy and Resources Committee

Date:	**Monday, 1 June 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 D Blake
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Monson
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper (Vice-Chair)
Mr R Smith
Dr M Strong
Mrs A Thomas

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

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

A g e n d a

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

2. **Minutes** **(Page 5)**
   To agree the minutes from the meeting held on 23 March 2015 and 20 April 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 27 May 2015**.

6. **Implications for NCC following the national election 2015** **(Page 19)**
   Report by Managing Director

7.	**Re-imagining Norfolk** Report by Managing Director	**(To Follow)**
8.	**Delivering DNA** Report by Executive Director of Resources	**(Page 25)**
9.	**A. 2014-15 Revenue Outturn Report**	**(Page 34)**
	B. 2014-15 Capital Outturn Report Reports by Executive Director of Finance (Interim)	**(Page 47)**
10.	**Revisions to the 2015/16 Budget** Report by Executive Director of Finance (Interim)	**(Page 60)**
11	**Annual Treasury Management Outturn Report 2014-15** Report by Executive Director of Finance (Interim)	**(Page 65)**
12.	**Delivering Financial Savings 2015/16** Report by Executive Director of Finance (Interim)	**(Page 75)**
13.	**Asset Management Plan – Strategy 2015/18** Report by Executive Director of Finance (Interim)	**(Page 100)**
14.	**Establishing the Corporate Property Team** Report by Executive Director of Finance (Interim)	**(Page 150)**
15.	**Proposed sale of land to the north of Norwich Road, Acle** Report by Executive Director of Finance (Interim)	**(Page 153)**
16.	**Proposed sale of the Former First and Nursery School (Orchard) Site, Lingwood** Report by Executive Director of Finance (Interim)	**(Page 159)**
17.	**Proposed sale of land to the east of Plantation Road, Blofield** Report by Executive Director of Finance (Interim)	**(Page 165)**

18. Exclusion of Public

The Committee is asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the
items below on the grounds that they involve the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee will be presented with the conclusions of the public interest tests carried out by the report author and is recommended to confirm the exclusion.

19	**Delivering DNA – Exempt Annex** Report by Executive Director of Resources	**(Page 171)**

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 May 2015

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on Monday 23 March 2015
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chairman)

Mr T Adams
Mr S Agnew
Mr M Baker
Mr M Castle
Mr A Dearnley
Mr J Dobson
Mr T FitzPatrick
Mr T Garrod
Mr D Harrison (Vice-Chair)
Mr C Jordan
Mrs J Leggett
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Dr M Strong
Mrs A Thomas

Substitute Members Present:
None

Other Members Present:
Mr A White
Mr J Joyce
Mr R Bearman
Mrs M Somerville
Mrs C Walker

1. Apologies

1.1 There were no apologies for absence.

2 Chairman's Announcements

2.1 The Chairman congratulated Mr C Jordan on his recent election to Leader of the Conservative Group at Norfolk County Council.

2.2 The Committee was reminded about the Strategic and Financial Planning 2016-19 workshops which had been arranged for 25 March and 17 April and the Chairman urged all members to attend.

2.3 The Committee was also reminded that a special meeting of the Policy & Resources Committee had been convened for 20 April to consider the governance review and recommendations to full Council.

3 **Minutes**

3.1 The minutes of the previous meeting held on 26 January 2015 were confirmed by the Committee and signed by the Chairman, subject to the word “reimaging” on page 4 of the minutes being amended to read “reimagining”.

4 **Declarations of Interest**

4.1 Mr J Dobson declared an other interest in item 16 – Review of the Residential and Non-Residential Charging Policy Associated with War Veterans as he was a member of the Armed Forces Pension Scheme.

5 **Item of Urgent Business:**

5.1 There were no items of urgent business.

6 **Local Member Issues**

6.1 No Local Member questions were received.

7 **The Essex, Suffolk and Norfolk Partnership with the Jiangsu Province.**

7.1 The Committee received and **noted** a presentation from Mrs Colleen Walker and Mr Peter Manning (Essex County Council), outlining the work of the Norfolk, Suffolk and Essex Partnership with Jiangsu Province, China.

7.2 Some examples of some of the high profile benefits that this partnership will generate for Norfolk are noted below:

- The partnership had been working with a Chinese medical company, who manufactured a pill with a camera inside it which could be swallowed in order to examine the gut. The pill would remove the need for more invasive examinations, such as colonoscopy. The Chinese medical company had identified the Norfolk & Norwich University Hospital (NNUH) as a good location to carry out medical trials, as the hospital specialised in gastroenterology. The trial had taken place in November and had proved very successful and the Chinese medical company was now considering setting up an office within the Norwich Research Park.

- The possibility of an exchange of artefacts between the Norwich Castle Museum and the museum in Nanjing, which was home to the terracotta soldiers, was being explored.

- Due to the links already established by the partnership, a six month pilot had been planned to take place at the Norfolk & Norwich University Hospital to bring six Jiangsu doctors to the region for six months to observe doctors in the region. The NNUH was very keen on this project and the partnership was working with the Director of Research and Development to ensure that the Jiangsu doctors come from university hospitals that had a corresponding interest in research in the fields of cardiovascular, diabetes, gastroenterology and orthopaedics and the planned outcome for the pilot would be links established for NNUH with research facilities in Jiangsu.

7.3 In response to a question from the Committee, it was confirmed that the Local Enterprise Partnerships (LEPs) were aware of, and supported, the project.

8 **Sharing Information Effectively for the purposes of Public Protection in Norfolk.**

8.1 The Managing Director introduced the item and explained its importance to all of the Council's safeguarding responsibilities, children and adults. Government's expectations in regard to data-sharing were clearly expressed in its response to failures in Rotherham. The Secretaries of State for Health, Communities and Local Government, Education, Home Office and Justice had jointly written to all local authorities asking that they ensure the appropriate arrangements were in place. In this context and on behalf of the whole council, the Interim Executive Director of Children's Services submitted the report.

8.2 The annexed report (7) by the Interim Executive Director of Children's Services was received. The report set out the arrangements for the Council to effectively share information with its partner organisations and proposed a shift in the organisational culture to one that operated in a high trust climate with partners and that started from a premise that if it was in the interests of public protection, information would be shared.

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

- In order that a uniform approach to both adults and children's services could be provided, new government guidance was expected in the near future. This would provide a uniform approach and a continuity of services rather than having separate public interest tests for each service.

- The new framework set out the Norfolk County Council procedure for sharing information and this would be the procedure to follow when requests for information that might be of a safeguarding or public protection nature were received. It included the development of operational procedures which included Directors signing off release of information for the purposes of public protection.

8.4 The Committee **RESOLVED** to endorse and agree the policy framework to be adopted by Norfolk County Council for information sharing in the interests of public protection.

9 **Delivering DNA (Digital Norfolk Ambition)**

9.1 The annexed report (8) by the Executive Director of Resources was received, together with the exempt annex (18).

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

- The Executive Director of Resources apologised to Members for the recent problems experienced with Outlook and emails. The problems had been caused by a glitch at the Microsoft Exchange which had affected a number of users. The issue had been fixed on 20 March and the system had been restored without any loss of data. Unfortunately, due to the additional work carried out over the weekend by Microsoft, the networks had needed rebooting and this had caused additional problems until the reboot had completed. As Norfolk County Council had not been notified of the weekend work, they had been unable to put contingency arrangements in place. Members were reassured that contingency arrangements would be put in place to mitigate problems in the future.

- The Executive Director of Resources advised that future reports would include value for money information and also more non-technical information.

- In the first instance, the DNA equipment roll-out had concentrated on the larger buildings owned by the County Council. Once this had been completed, roll-out would take place at the smaller sites. The libraries had recently received the new software systems and would be receiving the new computer equipment as part of the DNA programme.

- The Hewlett Packard Management Service had been the successful bidder and had been awarded the contract as they provided pre-defined security arrangements which had been tested by a branch of GCHQ and the Cabinet office. The improved security offered by this management service provided Norfolk County Council with better data security back-up than if it stood alone. Other partners, including the Police were also using the system and this allowed for secure information sharing to take place when necessary.

- Security breaches occurred very infrequently, although when they did happen they tended to have a high impact. The actual percentages would be difficult to ascertain, but Members were reassured that the security centre, headed up by Mark Crannage, Information Management Service Manager, dealt with any incidents as soon as they occurred.

- The Strategic Objectives of the DNA project had not altered during the course of the roll-out of the new equipment. The new computers included software which provided opportunities to have face to face discussions and allowed staff to work remotely while maintaining access to email and electronically stored files.

- The roll-out programme for laptops had been aligned to the refurbishment of County Hall.

9.3 The Committee **RESOLVED** to

- Note that after initial delays, good progress was being made on the more routine aspects of the programme – device rollout and server migration.
- Note that DNA was essential to resolving a number of critical issues for the council – in particular better information sharing and better targeting of resources – and that good progress was being made in these areas.

- Agree to receive an updated programme and a further financial update on 1 June 2015.

10 Reprocurement of telephony and data network services.

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

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

- It was acknowledged that Councillors should have been included in the list of internal customers who had taken part in the stakeholder consultation.

- Norfolk County Council would not be receiving any brokerage from promoting the telephony and data network services to schools. Procuring a service for all schools would avoid them having to procure individual services and was more cost-effective.

- Other partner organisations who decided to participate in the contract would pay for their share of the costs and for their usage.

- Members asked that a mechanism be found for Council to obtain financial benefit from procuring this service on behalf of schools and other third parties.

- The Committee requested that the word "reasonable" be removed from Section D Critical Success Factors.

10.3 The Committee **RESOLVED** to:

- approve the proposed new contractual arrangements set out at section 1B of the report.
- Note the list of stakeholders and stakeholder engagement to date as set out in section 1C of the report.
- Approve the proposed critical success factors at section 1D of the report.
- Approve the proposed evaluation weightings at section 1E of the report.

11 **Exemption to Contract Standing orders for Homecare in the East of the County**

11.1 The annexed report (10) by the Executive Director of Adult Social Services was received. The report provided notification that an exemption to Contract Standing Orders had been approved to allow the Homecare arrangements in two areas of the east of the county to be extended until mid-April 2016.

11.2 The Committee **RESOLVED** to:

- note the exemption to Contract Standing Orders, which had been approved by the Head of Procurement and Head of Law.

12 **Monitoring of Financial Savings 2015-16**

12.1 The annexed report (11) by the Executive Director of Finance (Interim) was received. The report provided an overview of the progress in delivering the savings agreed by the County Council at its meeting on 16 February 2015.

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

- The fourth priority which had been agreed by full Council in February 2015 had not been included in the report as it included only the savings which had been agreed by Policy & Resources Committee before the additional priority had been agreed. Monitoring of the fourth priority would be included in reports from the new financial year.

- Although the report referred to “critical” amber, the Committee was advised that there was only one amber rating.

- With regard to the library books which had been sold, the Executive Director of Finance (Interim) would provide members with the details and whether the money had yet been received.

  Note: The Executive Director of Finance (Interim) has since provided the following response to Members on 23 March 2015 - *The books were due to be valued a few days ago, but the valuer postponed, due to being ill. He is due to visit in the next couple of weeks and we will take appropriate action based on his views and advice. (source Jennifer Holland).*

  The RAG rating of this item – see page 46 of the P&R agenda – is Amber

- The Executive Director of Finance (Interim) explained that use of the word “lean” was a business concept and used to ensure that the processes were as efficient as possible and were delivering the best possible services.

- The Executive Director of Finance (Interim) agreed to amend the term “reducing standards” to read “reducing standards, including eligibility” which more clearly explained the aims.

- The Executive Director of Finance (Interim) agreed to include a glossary of terms in future reports.

- The additional £500,000 savings which had been identified would be included in future reports from the new financial year.

12.3 The Committee **RESOLVED** to:

- approve the format for the regular reporting of savings tracking in 2015-16; and
- confirm that this report provided members with the necessary information to fulfil their scrutiny role and ensure that effective action was being undertaken by Chief Officers to deliver the agreed level of savings.

13 Performance and Risk Monitoring Report

13.1 The annexed report (12) by the Head of Business Intelligence and Performance Service and Corporate Planning and Partnerships Service was received. The report proposed changes to the way in which performance information and analysis was reported to the Committee and the other service committees.

13.2 The Managing Director advised Members that oversight of the Council's performance was the responsibility of Policy & Resources Committee and that they should receive the information required to satisfy this role.

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

- Members requested a workshop session be organised to give them an opportunity to commission the performance information which they wished to receive and gain understanding of the meanings of the pictorial representations included in the report.

- The Committee **agreed** that more in-depth analysis of the council's business mileage should be undertaken to reduce expenditure.

- Members requested that the Children's Services element of the report should be formatted in the same way as the reports from the other service departments.

13.4 The Committee **RESOLVED** to:

- Agree the revised approach to performance management, including a strengthened role for the Policy and Resources Committee in overseeing and assuring performance across the council, as outlined in Section 3 of the report.
- Review and comment on the performance information in Section 4 of the report.
- Review and comment on the new, trial format of the performance dashboard in Appendix A of the report.
- Carry out a more in-depth analysis of corporate business mileage to try to reduce business miles further.

14 A. 2014-15 Revenue monitoring report month 9 (December 2014)

B. 2014-15 Revenue monitoring report month 10 (January 2015).

14.1 The annexed reports (13a and 13b) by the Executive Director of Finance (Interim) were received.

14.2 In respect of month 9 (December 2014) the Committee **RESOLVED** to note

- Revenue expenditure is forecast to underspend by £0.919m (previous month £0.328m) on a net budget of £308.397m.

- General balances were forecast to be £19.00m at 31 March 2015 before taking into account the forecast underspend.

14.3 In respect of month 10 (January 2015) the Committee **RESOLVED** to:

- Note that Revenue expenditure was forecast to underspend by £1.043m on a net budget of £308.397m;
- Note that General Balances are forecast to be £19.000m at 31 March 2015, before taking into account the forecast underspend;
- Approve the creation of a new Scottow Enterprise Park trading account reserve as set out in paragraph 3 and paragraph 7.7 of the report.
- Recommend to County Council the removal of the Lowest Common Denominator assessment from the 2015-16 Annual Investment and Treasury Strategy, as explained in paragraph 3 and section 8 of the report.
- Approve three debt write-offs over £10,000 totalling £64,423.05 as set out in paragraph 3 of the report and paragraph 9.5 of the report.
- Recommend that Chief Officers identify and address areas of expenditure where the raising of orders after the invoice date was prevalent, in particular high value and high-volume commitments in Children's Services, Resources and Finance, and to report progress to this committee.

15 A. 2014-15 Capital Finance monitoring report month 9 (December 2014)

B. 2014-15 Capital Finance monitoring report month 10 (January 2015).

15.1 The annexed reports (14a and 14b) by the Executive Director of Finance (Interim) were received.

15.2 In respect of month 9 (December 2014) the Committee **RESOLVED** to note

- the revised expenditure and funding of the 2014-17 capital programme and the changes which had occurred following the position reported elsewhere on this agenda, as set out in Section 1 of Annex A of the report.
- the progress towards the achievement of the 2014-15 programme, as set out in section 2 of Annex A of the report.
- the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5 of the report.
- the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2 of the report.

15.3 In respect of month 10 (January 2015) the Committee **RESOLVED** to note:

- the revised expenditure and funding of the 2014-17 capital programme and the changes which had occurred following the position reported elsewhere on this agenda, as set out in Section1 of Annex A of the report.

- The progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A of the report.

- The proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5 of the report.

- The impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2 of the report.

16 Annual report on the Norfolk Infrastructure Fund

16.1 The annexed report (15) by the Executive Director Community and Environmental Services was received. The report provided the Committee with a progress update of the activity and spend in 2014/15 and outlined commitments already scheduled after this financial year. The report had been considered by the Economic Development Sub-Committee at its meeting on 19 March 2015.

16.2 In response to a question, the Committee was informed that the Economic Development Sub-Committee had requested a scoping paper be brought to its next meeting about Mobile Phone coverage, taking into account the work already carried out by the working group.

16.3 The Committee **RESOLVED** to note the report:

17 Review of the Residential and Non-Residential Charging Policy Associated with War Veterans.

17.1 The annexed report (16) by the Executive Director Adult Social Services was received. The report provided the Committee with a review of the charging policy for Residential and Non-Residential care that was associated with War Veterans, and considered the issues made by the Royal British Legion as part of the national campaign

17.2 Mr G Nobbs proposed, seconded by Mr M Baker, the following motion:

- After the final Accounts have closed for the year, officers are asked to prepare considered funding options to be brought to the next available Council meeting after the Annual General Meeting.

17.3 Mr M Baker made a comment to the Committee about the fact that the government were sending soldiers to war, who were laying down their lives for their country in the course of their duties and receiving no financial support when they returned, often with serious injuries, to civilian life.

17.4 On being put to the vote, with 9 votes in favour and 8 votes against, the motion was **CARRIED** and the Committee so **RESOLVED**.

The meeting concluded at 12.05pm

CHAIRMAN

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on Monday 20 April 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
Mr J Dobson
Mr D Harrison
Mr C Jordan
Mr I Monson
Mr S Morphew
Mr D Ramsbotham
Mr R Smith
Dr M Strong
Mrs A Thomas

Substitute Members Present:
Miss J Virgo for Mrs J Leggett
Mr A White for Mr A Proctor

Other Members Present:
Mr R Bearman
Mr R Coke
Mr J Joyce
Mrs S Whitaker

1. Apologies

1.1 Apologies for absence were received from Mrs J Leggett

2 **Declarations of Interest**

2.1 There were no declarations of interest

3 **Items of Urgent Business**

3.1 There were no items of urgent business.

4 **Review of Governance Arrangements**

4.1 The annexed report (4) by the Head of Law and Monitoring Officer was received.

4.2 The report summarised the review of the Council's new governance arrangements commissioned by the Council to assess how those arrangements were operating in practice and made a number of recommendations about ways in which they could be improved.

4.3 The Committee noted that the Group Leaders (the '**Review Steering Group'**) had met twice to consider feedback on this matter (from a member survey, workshops, and suggestions from external stakeholders and officers) and had agreed to the recommendations contained in the report.

4.4 In response to comments made by Mr Dobson seeking the opportunity to "in meeting" change the constitution if the Council so agreed, the Head of Law and Monitoring Officer said that it was for the Council to determine its own constitution and the power to change the constitution laid with the Council. She said that Members had given very full consideration to the contents of the constitution and changes should not be made lightly. They should only be made by the Council after seeking proper advice from officers and receiving a full understanding of the implications of the change.

4.5 In response to comments made by Mr Smith, it was pointed out by the Head of Law and Monitoring Officer that the report envisaged that the Chairs of Service Committees would be expected to attend Policy and Resources Committee to answer Members' questions and that the Chairs of Service Committees would not become Members of the Policy and Resources Committee.

4.6 Mr Dobson moved, duly seconded:

"This Council recognises that the existence of discrete entities of the Administration and the Opposition are not formally recognised under the existing Committee system and therefore calls on the officers to bring forward proposals on how these two functions can be properly defined and recognised in the Council's constitution."

On being put to the vote this motion was **AGREED** with no votes against and two abstentions.

4.7 Mr Morphew then moved, duly seconded:

That with regard to paragraph 3.1.7 of the report, it should be a matter for the full Council to appoint the Chair and Vice-Chair of the Economic Development Sub-Committee."

On being put to the vote the motion was **AGREED**, there being 9 votes in favour and 7 votes against.

4.8 Mr Dobson then moved, duly seconded:

To add as an ADDENDUM to the review of the Committee system of Governance:

"That the previous "Councillor Call for Action" be re-constituted as an instrument for operation within the Committee system."

On being put to the vote the motion was **LOST**, there being 8 votes in favour and 9 votes against.

4.9 The Committee then **RESOLVED** (by 9 votes in favour and 8 votes against):

That (subject to the addition of those motions which had been agreed earlier in this meeting) Full Council be recommended to agree to the following:

a) Committee Chairs will be expected to attend all meetings of the Policy Resources Committee in a non-voting capacity in order to ensure that Service Committee views are shared, Service Committees are held to account and service priorities are integrated into any strategy and policy decisions;
b) that the role profile of Group Spokespersons is enhanced to include a greater input into agenda planning and to increase their role as a conduit into broader group relationships and their participation in scrutiny and challenge;
c) for Chairs and Vice-Chairs to be required to agree and publish their respective areas of responsibility on an annual basis promptly following the AGM;
d) to allow an additional time slot of up to 15 minutes to expressly permit members of the public to raise questions through their local member at Committee meetings, with discretion for the Chair to allow members of the public to address the Committee in exceptional circumstances where there is an issue of significant public concern or where a petition is being presented;
e) that the time allocated at full Council for questions to Committee Chairs be increased from five to ten minutes and the time for questions to the Leader be twenty minutes which could be either questions to the Leader in relation to the role generally as well as in his/her role as Chair of the Policy and Resources Committee;
f) that the Protocol for Conducting Committee Business referred to in Section 3.2.1 be agreed and incorporated in the Constitution;
g) that the proposals for Area Committees that were included in the Constitution agreed at the Council's AGM in 2014 now be removed;
h) that the provision for a Chairman's casting vote included in the procedures for Council meetings should be replicated in the procedures for Committee meetings;
i) that the Working Groups Protocol will be incorporated in the Constitution;
j) that the procedures for nominations of Service Committee and of Economic Development Sub-Committee Chairs and Vice-Chairs at the Council's AGM be expressed to permit a slate of nominations.

The meeting concluded at 11.35 am

CHAIRMAN

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Policy and Resources Committee

Item No 6

Report title:	**Implications of the results of the 2015 general election for the Council**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

The paper provides information to assist the Council in anticipating potential national policy changes as it develops its multi-year financial and strategic plans.

Executive summary

The Queen's Speech will be made to Parliament on Wednesday 27 May 2015. This report has been prepared in advance of that date and, therefore, draws on a review of the Conservative party manifesto proposals affecting local government. An update will be tabled at Policy and Resources following the publication of the Queen's Speech and associated policy briefings.

The report examines the potential issues and implications that Policy & Resources Committee may wish to take into account in developing the Council's multi-year financial and strategic plans over the next five years.

The key policies likely to have a particular impact include:

- **Local government finance** – the next five years are likely to see continued reductions in central government funding of local government, given the Government's commitment to reducing its deficit, and prioritising other areas such as the health service.

- **Devolution of powers** – Further devolution to Scotland and the Manchester agreement reflect a commitment to devolution and there may be opportunities for the Council including more control over local growth policy, the possibility of increased retention of business rates revenue or to further develop local Growth Deals.

- **Social care and health integration** – The Government's pledge to implement the NHS Five Year Forward View is likely to have a significant impact on the Council, including stronger public health-related powers and an increasingly important role for local health leadership with key decisions to be made about new care models for Norfolk.

- **Education and Schools** - The Government's plans could lead to significant changes in the make-up of Norfolk's schools: it has pledged to create at least 500 new free schools and to extend powers to require schools to turn into academies so that these will in future apply to schools 'requiring improvement' as well as failing schools. Any switch to academy status would mean a reduction in the Council's Education Services Grant.

- **Infrastructure** – We can expect pledges made pre-election for infrastructure investment in Norfolk to be followed through. More generally, there is likely to be a significant push for housing development and this will increase demand on services like roads, schools and libraries.

Recommendations:

Policy & Resources Committee is asked to:

- **Note the likely direction of national policy development during the next parliament and the potential implications associated with such development that are highlighted in the report**
- **Consider whether any specific action is required to make sure the Council's medium term financial and strategic plans take account of the highlighted implications**

Introduction

1. This paper highlights the new Government's policies that are likely to impact on local authorities during the course of the next parliament. It examines the potential issues and implications that Policy & Resources Committee may wish to take into account in developing the Council's multi-year financial and strategic plans over the next five years.

Local government finance

2. The new Government is committed to a policy of deficit and debt reduction. Based on announcements made in the March 2015 Budget it is anticipated that this will mean £13bn of further cuts to departmental budgets between 2016/17 and 2017/18. The 2015 Budget sets out the Government's plan for Total Managed Expenditure (TME) to fall in real terms in 2016/17 and 2017/18 at the same rate as over the period 2010/11 to 2014/15.

3. Health, schools and international aid will be protected so cuts will fall on other departments - including the Department for Communities and Local Government. The Institute for Fiscal Studies estimates that the Government's plans could mean a total spending cut of £27.5bn across unprotected departments between 2015/16 and 2018/19 (LGiU briefing Conservative manifesto commitments – the local government perspective 12/5/15).

4. Currently, it is unclear where exactly cuts will be made. A second budget will be announced on 8 July and this will provide more detail about how the Government is intending to make savings. At the moment there are no targets for local government for 2016/17 and beyond.

5. While funding for health services is to increase in real terms every year, there have not been any announcements about funding for adult social care. We can therefore assume that financial pressure on social care services is likely to continue in the medium term.

6. Funding for education is expected to be relatively protected (the level of money allocated to schools per child will be protected so protection for schools budgets will rely on roll numbers)

7. In the March 2015 Budget, the Government assumed that total spending will grow in line with nominal GDP in 2019/20 – though this is likely to be dependent on a surplus being achieved nationally and other identified savings (such as £12bn in welfare savings) being found.

8. The Government is committed to 'helping local authorities keep council tax low', which suggests continued expectations that council tax rises will be low or at zero.

9. As highlighted above, there remains considerable uncertainty about the detail of the impact of government spending cuts after 2015/16. The Government has stressed that the details set out in the March 2015 Budget reflect the previous coalition government's budget plans. As such the second Budget announced for July is likely to make further changes, reflecting the Government's intention to deliver rapidly on its manifesto promises, and will provide greater clarity about the likely trajectory of local government funding.

10. The Government has committed to a major review of business rates by the end of 2015 with any changes to be implemented from 2017. This is likely to have further implications for the future funding of local authorities.

Devolution of powers

11. On the 27 May the Queen's Speech will confirm the main policy developments that the Government will be working on over the next year.

12. The devolution of powers to local areas through a new 'City Devolution Bill' is likely to be a critical issue on the agenda for local government.

13. A recent announcement by George Osborne confirms that devolution will mean:

    - Devolution of powers and budgets relating to transport, housing, skills, health and social care, policing and public health with exploration of how employment support could be devolved
    - Devolution only to areas that choose to apply for it – it will not be imposed
    - Devolution to cities - towns and counties will have the option of an extended form of the City Deals programme instead
    - 'Mayoral devolution' - no powers without a city-wide elected mayor
    - More business rate revenue being retained in local areas including exploration of retaining 100% of business rate growth
    - Some exploration of further fiscal devolution eg more control over local taxation

14. Pre-election commitments suggest devolution is also likely to mean:

    - An expectation in turn of more devolution downwards from the Council including parish councils with policy development to support:
        - An increased focus on neighbourhood planning and management with more influence at this level over some of the proceeds of local growth
        - Further development of arrangements that help communities take a bigger role such as a strengthened Community Right to Bid
        - Continued pursuit of the Big Society ideal and exploration of how the voluntary sector can be more involved in public service delivery
        - Increased use of Social Impact Bonds and Payment by Results

15. The main implications of this for Norfolk County Council are:

a) Negotiating for the devolution of powers is likely to be a dominant feature of local authority policy during the next parliament. Norfolk's councils have commissioned external consultants to conduct preliminary research and propose options for Norfolk leaders to consider. This will help to inform the Council's future thinking on this subject, working with other authorities in Norfolk and the region of East Anglia.

Adult social care and health integration

16. Protecting and improving the NHS is a key priority for the new Government and any detail around social care policy mostly relates to its interplay with health services.

17. The Government has indicated it will continue to integrate health and social care systems and that this will build on approaches already in use, including the Better Care Fund and the health and social care devolution arrangements in Greater Manchester.

18. Unlike health services, no financial protection has been pledged for social care funding so it can be expected to be adversely affected by the cuts to local government funding. The Better Care Fund is intended to help compensate for the loss of funding but this will be dependent on achieving reductions in admissions to hospital.

19. While no explicit reform of social care has been proposed, the Government's pledge to implement the NHS' Five Year Forward View may have a significant impact on the Council, including:

- A 'radical upgrade' in improving public health – the Government is already pledging to implement a new national diabetes prevention programme
- More control for people over their own care – this will include the option of personal budgets combining health and social care
- More exploration of how Better Care Fund-style pooling could be expanded including full joint management of social and health care commissioning under the leadership of Health and Wellbeing Boards
- A programme of change to expand and strengthen out of hospital care
- Testing new approaches to encouraging volunteering including council tax reductions for volunteers
- A decentralisation of the NHS model so that local health communities will be asked to choose from a small number of radical new care delivery options, including:
    - **Multi-specialty community providers** – expanded GP group practices providing integrated out-of-hospital care
    - **Primary and acute care systems (PACS)** –combining GP, hospital, mental health and community care services in single NHS organisations
    - **Enhanced health in care homes** – new shared models of support in care homes to avoid care becoming permanent and admissions to hospital, eg medical reviews, medication reviews and rehabilitation services

20. Should such proposals be introduced, the main implications for Norfolk County Council would be:

a) Stronger public health-related powers for local government to determine the regulation of alcohol, fast food, tobacco and other factors that affect physical and mental health.

b) An increasing expectation to collaborate with the NHS on prevention, volunteering and community care services
c) Local health leadership playing an increasingly important role including taking on full responsibility for health and social care commissioning and new care models

Education and schools

21. The Government's education policy will focus on improving school standards and reducing the number of schools requiring improvement, primarily by further developing the free school and academy model. It has pledged to create at least 500 new free schools nationally over the next Parliament. It also plans to extend powers to require schools to convert into academies. The Secretary of State already has powers to turn failing schools into academies – it is intended that these powers will now also be applicable to any schools 'requiring improvement' that cannot demonstrate a clear plan for change.

22. Any switch to academy status would mean a reduction in the Council's Education Services Grant, which is based on the number of local-authority-maintained schools in the County.

23. All schools will be expected to make changes to improve standards, including:

- New standards for literacy and numeracy with a requirement for children who do not reach the standard at the end of primary school to resit exams at the start of secondary school
- A new requirement for all secondary pupils to take a set of core GCSE subjects with schools which don't enforce this unable to get the highest Ofsted ratings
- A requirement for all teachers to be trained in how to tackle behaviour issues
- Targeted interventions to increase the number of teachers in priority subject areas
- Proposals to pay 'good' teachers more

Infrastructure

24. The Conservative party manifesto included pledges to invest in major projects for infrastructure in Norfolk, including:

- Support for creating new jobs through the Energy Enterprise Zone at Great Yarmouth
- Investment in a 90 minute rail connection between London and Norwich
- Improvements to the A11 and A47
- Flood defence improvements, eg at Happisburgh, Welney, Cromer, Norwich, Great Yarmouth

25. There is likely to be a continuing priority on housing development during the next parliament with a number of new schemes to support housing construction and affordability. This will increase the need for infrastructure such as roads and services such as GP surgeries and schools.

26. Proposals mean the County Council may not always receive the contributions towards these services that it would normally expect - 200,000 new Starter Homes will be made available at a discount as a result of waiving contributions for infrastructure.

27. The manifesto proposes to extend the Right to Buy to housing association tenants, with the local authority bearing the cost. This policy may reduce the stock of social housing available locally.

Financial Implications, other issues, risks and innovation

28. The policy developments that we are likely to see under the new government will clearly have some significant implications for the Council in terms of its financial outlook and its service delivery arrangements. Where significant implications can be identified at this stage they are highlighted in the main body of the report.

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Report title:	**Delivering DNA**
Date of meeting:	**01 June 2015**
Responsible Chief Officer:	**Executive Director of Resources**

Strategic impact

Norfolk County Council is a £1 billion enterprise that relies on the effective management of systems and data to commission and provide services. Robust information management and data security are increasingly critical elements of this.

The DNA (Digital Norfolk Ambition) partnership with Hewlett Packard was established in December 2013 to deliver the following step changes in terms of ICT provision at NCC.

- A fundamental shift of resources from routine ICT into delivering better information management, so that staff and members have the information to target their efforts most effectively
- New, up-to-date ICT services and equipment for the council
- Mitigation of significant risks associated with old equipment, software and datacentres

This report focusses on the current position in relation to ICT infrastructure.

Executive summary

Despite a range of challenges over the last 12 months significant progress has been made in terms of deploying essential technical infrastructure. Effective business engagement will be a critical success factor for the next 12 months.

The significant difficulties that have been experienced to date can be attributed to a number of factors, primarily how significantly far back we started in terms of ICT maturity; issues with delivery from HP and our own organisational capacity. In terms of HP delivery, the issues have now been escalated within HP and an action plan is now being implemented to address them.

The partnership is now increasingly focussed on ensuring that our staff and the services they provide are effectively supported by the new technology and that we maximise the benefits to residents and the Council. We are therefore currently aligning activity more strongly to the priorities of the organisation and refreshing our approach to programme delivery with Services.

The development and exploitation of DNA technologies will be managed alongside other related change activity within specific implementation programmes.

1. **ICT Transformation Programme** – this includes the core DNA ICT infrastructure changes previously reported to Committee (such as the device roll-out and server migrations) as well as other relevant ICT infrastructure projects e.g. re-procurement of the voice & data network. This also covers changes required within the ICT service in order that the new technology arrangements are well supported, and the range of initiatives that are planned and under way to ensure that staff are fully enabled to use the new ICT to work more flexibly and embed productivity gains.

2. **Business Intelligence (BI) & Information Management (IM) Programme** – this includes the core DNA Information Management changes previously reported to Committee (such as electronic document and record management and the Information Hub) as well as other relevant information and intelligence projects. This will also cover significant organisation-wide staff development in terms of the skills and ways of working required to work securely in an increasingly digitised environment and to effectively analyse and exploit the rich information sources that the technology will deliver.

3. **Customer Service Programme** – this programme has been initiated to deliver the Customer Service Strategy approved by Council in April and reported through the Communities Committee. Several elements of DNA are critical enablers for the successful delivery of this strategy.

This paper provides more detail on the key objectives and benefits of the ICT programme and a progress update.

Recommendations:

That members:

1) Note that DNA is essential to resolving a number of critical issues for the Council – in particular better use of information and better targeting of resources.

2) Note the mitigating actions that are now in place to address delays to progress of the technical delivery.

1. Introduction

The DNA partnership with Hewlett Packard (HP) is in year 2 of 5. Progress made has been regularly reported to the Committee, most recently in March 2015. Despite a range of challenges significant progress has been made in terms of deployment of essential technical infrastructure. This includes a robust email platform; desktop management tools (e.g. Antivirus and remote software deployment); a significant amount of cloud storage for each user that allows documents to be shared in a secure way and asset management tools to robustly keep track of what devices have been deployed.

In addition, the server hosting infrastructure has also been delivered which has allowed new services to be installed in the secure HP data centre (e.g. CRM, Customer Relationship Management software) and migrated servers (which has now started). The deployment of devices is now scheduled to pass 50% in June. This will include people with new devices having access to up-to-date software e.g. Microsoft Office-2013; and the latest collaboration tools.

The significant difficulties that have been experienced to date can be attributed to a number of factors. As set out in earlier reports the DNA programme was intended to address the fact that the County Council was significantly behind where it needed to be in terms of ICT maturity. As the work to implement the DNA programme has progressed it has become apparent that the level of ICT maturity was lower than had been assessed at the time of the HP contract. As a result a number of issues have emerged that have taken time to diagnose and resolve. This has resulted in delays in the timescales originally planned.

Alongside that, there have been issues with delivery from HP and with our own organisational capacity. In terms of HP delivery, the issues have now been escalated within HP and an action plan is now being implemented to address them. This involves tight prioritisation of issues and a range of daily and weekly review arrangements at a number of levels.

As part of this internal capacity has also been re-focussed. This includes resolution of defects identified on laptop devices; successful delivery of a desktop build; delivery of the CareFirst upgrade and focused attention on server migration. Ongoing efforts are on delivery of the GCSX secure email solution; resolution of issues within the test environment provided by HP and improved confidence in the device deployment schedule.

The approach to programme delivery has been refreshed in conjunction with departments and a refreshed ICT programme has been established which is described in detail below.

2. ICT Transformation Programme

Our DNA partnership with HP is intended to be the catalyst for a step change in the sophistication and robustness of our ICT infrastructure. This includes the computers and systems that staff use day-to-day as well as the networks, servers, software and other tools that ICT staff can use to better manage the infrastructure and ensure it is secure, resilient and responsive.

In addition to these DNA changes, we are also at pre-tender stage for replacing our voice & data network services and our printers and print service. We have established a refreshed change programme to ensure that the various projects are joined up effectively and deliver benefits to the business.

The ICT infrastructure is however only one part of the whole solution. In order that we get maximum benefits from the new infrastructure we must also ensure that we:

(a) Develop the ICT service to fully support the new infrastructure and the staff and managers that use it.

(b) Fully enable staff to use the new ICT to work more flexibly and achieve productivity gains.

This programme has been commissioned to draw together the infrastructure, service and staff development projects into a coherent set of change activities.

Objectives

The key objectives for this programme are as follows.

- Secure, robust and flexible technical architecture and cloud computing services
- Consistent provision and adoption of fit-for-purpose collaborative technologies that support new ways of working
- A modern voice and data service which integrates fixed and mobile telephony
- A cost-effective and fully managed print service that can adapt to changing needs

- An up to date managed desktop service with an appropriate choice of devices (e.g. desktop PC computers and laptops)
- Efficiently managed software licencing arrangements

Benefits framework

A more-effective ICT function

- ICT staff will work more efficiently because the new devices are more-standardised and easier to manage.
- More-effective software asset management tools will enable licences to be rationalised and protect us against speculative claims from software vendors.
- We will need fewer ICT support staff.

While there will be specific benefits for other individual services the programme will also support the delivery of the following benefits across the organisation.

Staff productivity

- As staff have access to and adopt the collaborative tools available to them such as “Lync”, which enables staff to video conference via their laptops, there will be less need to travel to meetings or to work with colleagues at the same location as more meetings and joint activities will be conducted virtually.
- Faster access to computers and systems will also enable productivity gains.
- Once the new voice and data contract is in place, staff will have less need to return to base during the day
- There will be less need for manual report production as information management tools are implemented, enabling staff to concentrate on analysis, interpretation and taking action.

Reduced costs

- Delivery of DNA is essential to the estate rationalisation now under way, because it enables flexible and remote working and because the introduction of electronic records management will reduce paper storage.
- Reductions in business travel will reduce mileage claims
- Widespread adoption of portable devices will reduce the number of documents printed.

Increased resilience and security

- Migrating much of our infrastructure to HP’s secure networks and data centres and the rollout of highly secure laptop computers will deliver greater resilience in terms of reduced system downtime, a much-reduced risk of catastrophic failure, and reduced data security threats.

Better decision making and performance management

- The ability to integrate data from across all our systems will provide a better insight into performance with less manual effort.
- In time, once we have a solid data set in place, we will be able to improve forecasting and the targeting of our efforts.

The delivery of these benefits is dependent on all three of the programme workstreams described below delivering effectively and working in tandem as well as the sponsorship and role-modelling of new ways of working at all levels within the organisation. It will also require joint working across other programmes, such as the delivery of the Asset Management Plan to reduce building occupancy.

Progress Update

The programme is organised into three workstreams. An update for each of these is provided below.

1. ICT Infrastructure

We are approaching the half-way stage in the device roll-out with 2,565 devices having been deployed out of the contracted total of 5,350. The second half of the deployment will be more complex as the sites are much smaller and spread across the county and a greater variety of software applications need to be made available to staff. Prioritisation of laptop rollout is for remaining teams in Adults and Children's services, which is dependent on timely packaging of their applications.

So far, 112 applications have been made available with 104 being tested and a further 217 still to be worked on. An NCC team has now been fully trained in this process (as planned) so we are no longer reliant on HP for this.

A detailed plan has been developed for the remaining 2785 devices in order to complete deployment prior to 31st December 2015. This is against a baseline plan of 31st March 2015. The desktop build has now been successfully tested in readiness for deployment of these devices to teams which do not require laptops, i.e., libraries, museums, depots and other specific sites.

Users of the new devices have experienced a significant number of issues. Work is under way to fully understand the root causes of these issues and identify and implement appropriate technical solutions and a number of the most-significant issues have now been resolved. Alongside this, a full programme of development support is in place to ensure that user error is identified and addressed and that staff are fully supported to use the new devices effectively.

The migration of our servers to HP's Data Centre has been delayed due to a number of technical issues. It was reported to the Committee in March 2015 that five test servers had been migrated. However this initial migration was unsuccessful. Good progress has now been made in resolving the technical issues which caused this initial migration to fail. Low risk servers are being used to pilot the migration process.

The first of these servers has now been moved (virtually) from the ICT Machine Room in the basement to the HP data centre. Following this successful initial test, four further servers will be migrated as part of the pilot. This is expected to complete in early June and the full migration is being planned for delivery from June onwards. Server migration is still forecast to be complete by the end of December as previously reported, subject to departments being able to schedule in testing.

Pre-tender activity is under way to replace contracts for the Voice & Data network, Norfolk Schools Internet Exchange, telephone lines and calls, and mobile telephony in 2016. Proposed new contractual arrangements were agreed by the P&R Committee in March.

Procurement activity is also under way to plan for the expiry of the Ricoh Managed Print Service contract in April 2016.

2. ICT Service

A new ICT service management system has been procured to ensure that ICT services have a better understanding of issues that ICT service users are experiencing and that devices, other technical hardware and solutions to technical issues have been deployed correctly. It will also provide access to analysis and reporting tools. The system and supporting processes are being implemented to best-practice industry standards.

Further work is planned to put in place appropriate processes and other arrangements to support the changes to the ICT infrastructure. This will include the development of additional self-service materials so that staff can get up to speed and take corrective action for themselves and not rely on the ICT Service Desk for the resolution of all issues.

3. ICT Enabled Workforce

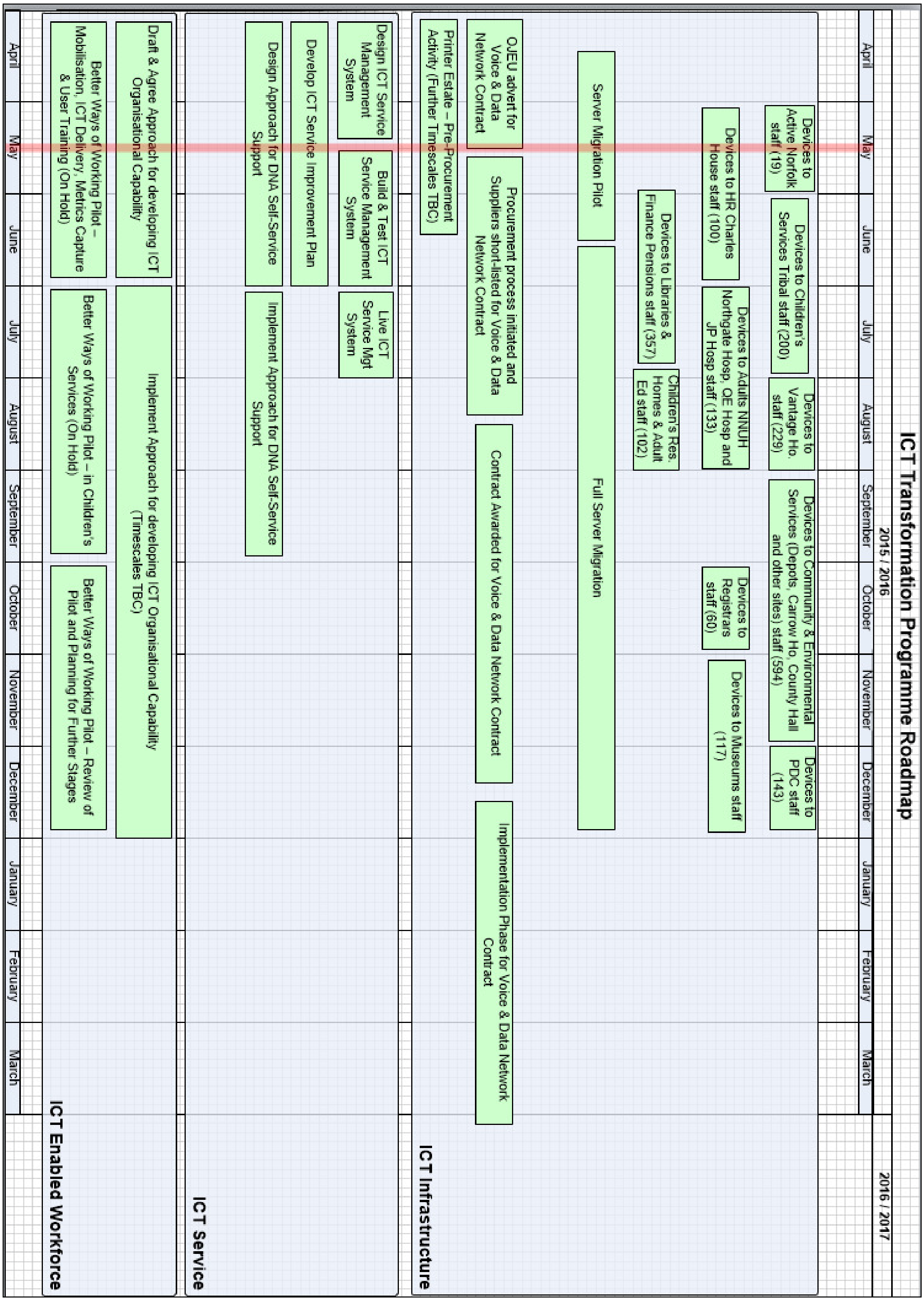
Work is under way to implement a revised ICT skills framework. This will provide the basis for managers and staff to understand what is expected of them in terms of their ICT skills and how they can further develop these. This project will also provide access to the necessary training opportunities to support staff development in this area.

A Better Ways of Working pilot in Children's Services has been scoped. This will trial the take-up and embedding of collaborative tools and flexible working. The pilot is currently on hold pending completion of the device roll-out to the relevant teams, the completion of the Children's Services reorganisation and the delivery and testing of required software for mobile working.

Overall Roadmap

The latest revised plan is shown below. As with any plan, timelines are indicative estimates of when activity will be completed and key dependencies met.

The ICT Transformation Programme Roadmap is dependent on key technology issues being resolved in terms of both the device roll-out and the server migration. Completion of these projects are essential pre-requisites for the delivery of benefits.



3. Financial Implications

Over five years, the DNA contract is currently approximately 4.7% over budget. The original five year plan was £26.35M, and the current projection is £27.6M. Additional savings within the ICT budget are forecast to be achieved in the remaining years of the contract. These savings will mitigate the over-spend and reduce the five year projection to £27.1M, a variance of 2.7%.

Further details are in a confidential annex.

4. Issues, risks and innovation

Digital Norfolk Ambition itself is innovative and ambitious. The goal to deliver fundamental shifts in terms of ICT provision and the way we manage and exploit information at NCC is a challenging one. It will take some 3 to 4 years to address the current significant issues and build our new capabilities. Inevitably such change involves managing a number of key risks and issues. The key risks and issues are highlighted below.

Delivering some of our goals is underpinned by the delivery of new ICT capabilities through the DNA contract. Delays to delivery of these new capabilities could not only have a knock-on effect on other programmes, for example could slow down the delivery of the changes we want to make in the way we deliver the customer service programme, but also on the realisation of planned savings to meet our budget.

This complex and long-term undertaking therefore requires continued careful planning and monitoring to ensure that the dependencies between activities are clearly articulated and well understood by all parties and that there is visibility and active management of key risks and issues.

Establishing business-led change programmes and using these to direct and monitor the technical delivery projects will mitigate the risk that the change is technology-led rather than business led which could disrupt the focus on business benefits.

The DNA contract has reached a pivotal point with NCC relying less on HP expertise and more on our own internal capability and capacity to deliver the remaining scope and provide ongoing support. The ICT Service is adapting to ensure that it is well placed to take on these additional responsibilities. This will need to be carefully planned, managed and monitored in order that changes to the service are sustained and that the service continues to adapt as required.

Effective exploitation of the DNA technologies and the delivery of the business benefits will require increasing levels of ICT literacy and maturity at all levels in the organisation and this will be led and championed by Directors.

One key objective of the DNA contract is to mitigate the risk that NCC would lose its PSN (Public Service Network) accreditation which is an essential element of our infrastructure as it allows us to securely share email and other information with our public sector partners. The delays to the device roll-out have increased the risk of accreditation loss and the remaining roll-out is therefore being accelerated and prioritised to address this risk.

5. Background

Background Papers

- 8 April 2013 Cabinet report – Digital Norfolk Ambition, including a copy of the Strategic Outline Business Case.
- 8 July 2013 Corporate Resources Overview and Scrutiny Panel report – Digital Norfolk Ambition Programme
- 7 October 2013 Cabinet report: DNA update
- 14 July 2014 Policy & Resources Committee: DNA Update
- 29 September 2014 Policy & Resources Committee: DNA Update
- 1 December 2014 Policy and Resources Committee: Digital Norfolk Ambition Programme
- 11 March 2015 Communities Committee: Customer Services Strategy 2015-2020 (recommended to and agreed by Full Council on April 13th)
- 23 March 2015 Policy and Resources Committee: Delivering DNA

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Policy and Resources Committee Item No 9A

Report title:	2014-15 Revenue outturn report
Date of meeting:	1 June 2015
Responsible Chief Officer:	Executive Director of Finance (Interim)
Strategic impact This report gives details of the outturn position for the 2014-15 Revenue Budget, General Balances, and the Council's Reserves at 31 March 2015, together with related financial information.	

Executive summary

On 17 February 2014, the County Council agreed a net revenue budget of £308.397m. At the end of each month, officers prepare financial forecasts for each service showing forecast expenditure and the impact this will have on earmarked reserves.

Members are asked to:

- **note that outturn Revenue underspend is £1.753m (2013-14 £0.477m) on a net budget of £308.397m (gross £1,411.879m);**
- **note the resulting increase in General Balances at 31 March 2015 from £19.000m to £20.753m;**
- **approve five debt write-offs over £10,000 totalling £64,585.37, as set out in paragraph 4 below.**

1. Introduction

The Annex to this report summarises the Authority's financial outturn position for 2014-15.

2. Evidence

The attached annex summarises forecasts for each service and the resulting impact on reserves and provisions.

The annex also summarises:
- Changes to the approved budget
- The impact of planning assumptions
- Performance against savings targets
- Treasury management
- Payments, debt and purchase order performance
- The Council's corporate risk register.

3. Financial Implications

As stated above, the revenue outturn for 2014-15 is an **underspend** by £1.753m, on a net budget of £308.397m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers have been mandated to explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure, to minimise the call on reserves.

All debt collection options have been exhausted in respect of five debts exceeding £10,000 for residential care charges, resulting in a total of £63,585.37 recommended for write-off. Further details are shown in paragraph 4 below.

4. Debts recommended for write off

Five debts exceeding £10,000 for residential care charges have been identified for write off in February and March 2015. As a result a total of £63,585.37 is recommended for write-off as set out in the table below:

Debt Type	Amount	Reason
Residential Care Charges	£12,879.32	Legal options exhausted
Residential Care Charges	£12,294.68	Legal options exhausted
Residential Care Charges	£11,084.93	Legal options exhausted
Residential Care Charges	£10,818.71	Legal options exhausted
Residential Care Charges	£16,507.73	Legal options exhausted
	£63,585.37	

5. Issues, risks and innovation

Risk implications

5.1 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 the attached report.

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

6. Background

6.1 Having set a budget at the start of the financial year, the Council needed to ensure its 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.

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Annex A

Norfolk County Council

2014-15 Revenue Finance Monitoring Outturn Report

Report by the Executive Director of Finance (Interim)

1 Introduction

1.1 This report gives details of:

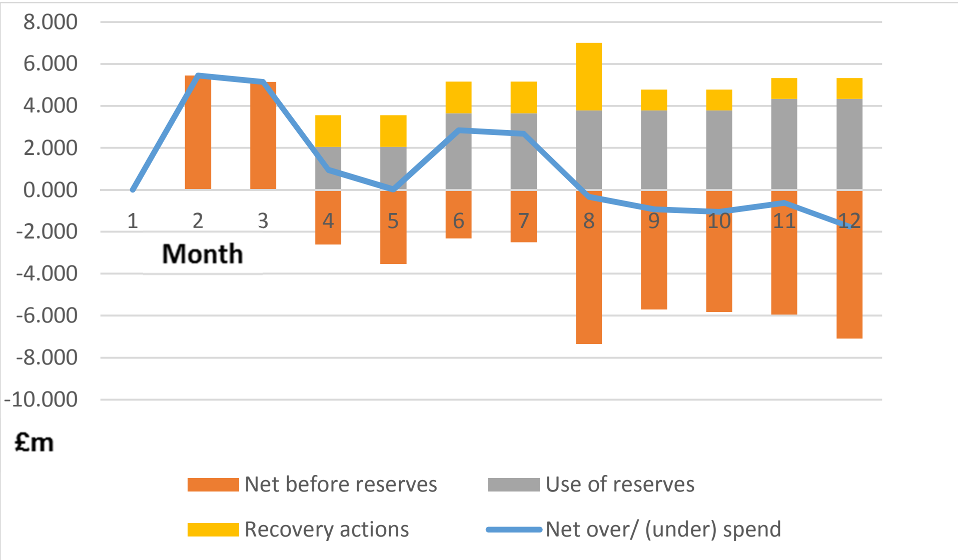
- the outturn position for the 2014-15 Revenue Budget
- General Balances and Reserves at 31 March 2015 and
- other summary information relating to the overall financial position of the Council.

2 Summary of outturn position

2.1 At the end of March 2015 (month 12), after year-end accounting adjustments: Revenue expenditure has resulted in an **underspend** of £1.753m (2013-14 net underspend £0.414m) after identified recovery actions and approved use of reserves, on a net budget of £308.397m (gross approved budget £1,411.879m).

The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2014-15, by month, after recovery actions and approved use of reserves: Month 12 outturn underspend £1.753m.



- General Balances were £19.000m at 31 March 2015, before taking into account the forecast underspend. After taking into account the underspend, general balances become £20.753m.

- During November 2014, Norfolk County Council agreed a full and final settlement in respect of the Willows energy from waste project. The last payment was made on 28 November 2014, in line with the anticipated total cost of £33.7m.

- The Council has earmarked revenue reserves of £66.265m at 31 March 2015, against 2014-15 predicted reserves of £43.931m and actual reserves at 1 April 2014 of £96.734m (ref Table 5, paragraph 6.3). The 1 April 2014 actual reserves included a newly formed £19m reserve used to part fund the Willows settlement during 2014-15.

- The Council separately holds Reserves in respect of Schools estimated to be £39.848m at 31 March 2015. This represents a reduction of £3.230m when compared with the equivalent 1 April 2014 balance, due mainly to a reduction in LMS balances held on behalf of schools.

- As at 31 March 2014 Norfolk County Council's reserves as a proportion of its net budget (20%) were significantly lower than the average for English shire counties (28%). More recent forecasts suggest that Norfolk continues to sit below the average.

3 Agreed budget, changes and variations

3.1 The 2014-15 budget was agreed by Council on 17 February 2014.

Table 1: 2014-15 original and revised net budget by service

Service	Approved net budget (adjusted)	Revised budget
	£m	£m
Children's Services	161.903	162.688
Adult Social Services	248.597	252.514
Community and Environmental Services	171.198	170.945
Resources	25.983	21.755
Finance and Property	10.246	11.632
Finance General	-309.530	-311.137
Total	**308.397**	**308.397**

3.2 The Council's total net budget has not changed during the year to date. Changes during the year have related mainly to the change in departmental structure on 1 December 2014, and to reflect non-cash capital accounting adjustments between Finance General and Service budgets.

3.3 The approved net budget shown has taken into account discussions at County Council on 17 February 2014 resulting in a one-off £1m allocation not reflected in the papers prepared in advance of the meeting. This allocation was for supporting personal care/wellbeing services for older people, and funded from revenue saving on deferring borrowing for 2014-15 only.

4 Control of growth, cost pressures and savings targets

4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2014-15 budget (budget book page 10) are summarised below.

Table 2: 2014-15 key planning assumptions

Key planning assumptions	Impact £m	Status
Government funding reductions	24.786	Cost pressure realised
Pay and price inflation	14.260	Agreed pay increases are within budget assumptions. General price inflation has been lower than forecast.
Demographics	11.590	Long term demographic pressures still apply
Willows Power and Recycling Centre	8.000	Cost pressure realised with settlement agreed November 2014.

"Demographics" pressures refer primarily to Looked after Children and Adult Social Services planning uncertainties.

4.2 **Savings targets:** Outturn savings of £60.089m, coupled with newly identified savings and use of reserves of £2.340m are £5.838m short of the budgeted £68.267m savings target. Savings in CES, Resources, Finance & Property and Finance General have been realised. The major items making up the shortfall in 2014-15 are the number and cost of Looked After Children, the cost of care provision for people with learning disabilities or physical disabilities, the cost of providing Adult Social Care service users with transport, and reducing funding for those who receive support from a personal budget. In all cases systems, ambitions and projects are being reviewed, and improved targets put in place.

4.3 **Termination of Willows Energy from Waste contract**: As reported to County Council on 27 May 2014, Cabinet of 7 April 2014 resolved to allow the Willows Energy from Waste contract to terminate for planning failure. The contract was formally terminated on 16 May 2014. Contractual termination costs were estimated at £33.7m, with a reserve set aside for that amount. On 28 November, the County Council agreed a full and final settlement in line with the £33.7m reserve, removing the risk of further costs being incurred.

5 Revenue outturn – forecast over/underspends

5.1 The 2014-15 revenue outturn shows a net overall **underspend** of £1.753m, after identified recovery actions and approved use of reserves. Details of all projected under and over spends for each service are summarised in the following table:

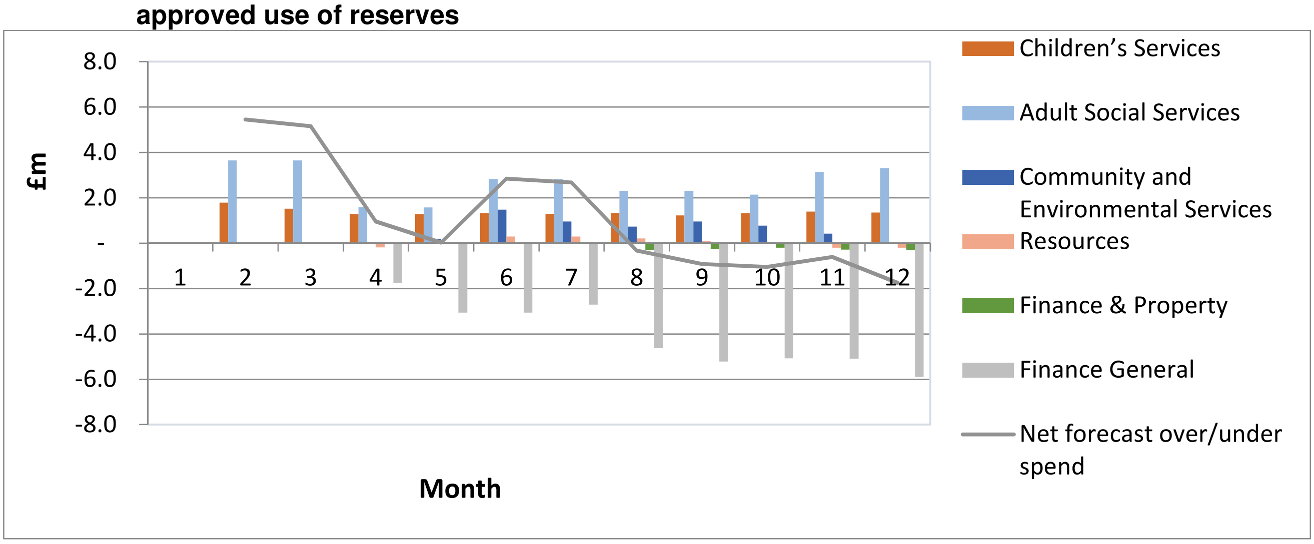
Table 3: 2014-15 provisional revenue outturn by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Children's Services	162.688	1.348	0.8%	A
Adult Social Services	252.514	3.316	1.3%	A
Community and Environmental Services	170.945	-0.016	0.0%	G
Resources	21.755	-0.193	-0.9%	G
Finance	11.632	-0.312	-2.7%	G
Finance General	-311.137	-5.896	1.9%	G
Totals	**308.397**	**-1.753**	**-0.6%**	

5.2 The totals for Children's Services and Adult Social Services have been reported to the Committees related to those service, and are consistent with the results reported to the May 2015 meetings apart from a year end adjustment which has resulted in reducing the ASC underspend by £0.150m.

5.3 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2014-15, by month, after recovery actions and approved use of reserves



The main areas of over-spend are:

- Pressures in Children's services relating to costs of agency social workers, looked after children, and costs of care-leavers independent living support.
- The Adult Social Care overspend is primarily due to the net cost of Purchase of Care (PoC) where there is an overspend of £5.877m after using reserves of £4.338m.

The overspends, after use of reserves, have been more than off-set by underspends and additional income in other areas, mainly Finance General. These include:

- Underspends in the Local Assistance Scheme, including reserves brought forward, totalling £1.967m.
- Unbudgeted adjustment to the S31 Business Rates cap £1.374m
- The pay review for 2014-15 resulted in a one-off saving of £0.556m
- Adjustments to interest payable and the revenue costs of capital totalling £1.143m.

6 General balances and reserves

General balances

6.1 On 17 February 2014 Council agreed the recommendation from the Head of Finance that a minimum level of General Balances of £19m be held in 2014-15. General Balance levels at 31 March 2015 are as follows.

Table 4: general balances

	£m
General Balances 31 March 2014	17.288
Transfer to Residual Waste Treatment Contract Reserve	(1.288)
Use of released funds for one-off purposes: Increase in General Balances, agreed County Council 17 February 2014	3.000
General Balances at 1 April 2015	**19.000**
Transfer of underspend	1.753
General Balances at 31 March 2015	**20.753**

Earmarked reserves levels and forecasts

6.2 The plan for 2014-15 predicted reserves of £43.931m (Earmarked reserves - non schools, including residual waste, Budget Book page 126). The forecast outcome below is £22.334m higher, due mainly to:

- Unspent grants and contributions carried forward of £16.314m:
- The Information Technology reserve carried forward total of £7.972m
- The Highways Maintenance Reserve is £2.254m higher than anticipated, including a new £1m A47 Development reserve.
- The Organisational Change and Redundancy Reserve is £5.750m higher than anticipated due mainly to an accounting movement from the Council's accounting provision for redundancy.
- The additions above plus other smaller adjustments, have been off-set by a reduction of £11m in the anticipated amount in the Residual Waste Treatment Contract Reserve which is now fully exhausted.

6.3 The Council carries the following reserves with totals as follows:

Table 5: budget and forecast reserves

	Forecast balance 31.3.15 when budget approved (Feb 2014)	Actual balances b'fwd 1.4.14	P8 forecast used for 2015-16 budget	Previous month P11 forecast 31 March 2015	P12 outturn 31 March 2015
	£m	£m	£m	£m	£m
Earmarked reserves - non schools	32.931	77.669	47.174	49.625	66.265
Residual Waste Treatment Contract Reserve	11.000	19.065	0.000	0.000	0.000
Reserves for Capital Use	6.270	1.755	3.887	3.416	3.251
Earmarked reserves - schools	37.661	43.075	35.796	34.240	39.848
Total	**87.862**	**141.564**	**86.857**	**87.281**	**109.364**

6.4 Actual earmarked reserves have reduced by £30.471m since 1 April 2014 when they totalled £96.734m. The reduction has been largely due to the full use of the following reserves:

- Residual Waste Treatment Contract Reserve £19.065m
- NDR reserve £2.500m
- Adult Social Services Residential Review Reserve £3.094m
- Modern Reward Strategy Reserve £4.359m.

6.5 The Council separately holds Reserves in respect of Schools estimated to be £39.848m at 31 March 2015. This represents a reduction of £3.230m when compared with the equivalent 1 April 2014 balance, due mainly to a reduction in year on year LMS balances held on behalf of schools

Comparison with other authorities

6.6 Reports produced by the Society of County Treasurers based on statistical returns show the following:

Table 6: reserves as a proportion of net budget 31 March 2014 and 31 March 2016 (forecast)

	Non ring-fenced reserves (earmarked and unallocated)	Unallocated reserves
31 March 2014 actual		
Average for SCT members	28%	5%
Norfolk County Council	20%	3%
31 March 2016 survey forecast		
Average for SCT members	19%	5%
Norfolk County Council	8%	3%

Actual data for 31 March 2014, and 2015-16 forecasts, show that Norfolk County Council's total reserves as a proportion of net budget (revenue support grant, retained business rates and council tax) to be significantly lower than the average for English shire counties. Norfolk is in the lowest quartile.

The 2016 forecast has reduced significantly, partly due to the full use of the reserves listed in 6.4 above, including the Residual Waste Treatment Contract reserve. The forecast is also likely to be on the pessimistic side as it does not take into account potential savings not yet identified, or grants which might be carried over in the Unspent Grants and Contributions reserve.

Residual Waste Treatment Contract Reserve

6.7 On 28 November, the County Council agreed a full and final settlement in line with the £33.7m reserve set aside in May 2014 for ending The Willows energy from waste project.

6.8 A last payment of nearly £5.9m was made on 28 November 2014, bringing the overall settlement in line with the anticipated total cost of £33.7m reported to Council in May 2014.

6.9 The Residual Waste Treatment Contract Reserve was set aside and used as follows:

Table 7: Creation and use of Residual Waste Treatment Contract Reserve

	£m
Opening balance 1 April 2014, before transfer of excess general balances	19.1
The opening balance comprised transfers from excess general balances, transfers from underspends, and other initiatives including 2013-14 savings in Community Services (£1.3m), ETD (£0.8m), Fire (0.4m) and Resources (£2.5m).	
Outturn 2013-14 – excess of general balance over minimum requirement	1.3
Savings in 2014-15 (total £5.350m)	
Norse contributions	1.0
Sale of property – substituted for current revenue funding of capital project	0.7
Waste procurement arrangements	0.6
Household waste reserve	1.0
Savings in 2014-15 – Approved by County Council	
Reduction in funding set aside for redundancies based on past trends	1.0
Service reductions - Libraries	0.1
Service reductions – Road maintenance	0.9
Budget 2014-15 cost pressure: Willows Power and Recycling Centre planning uncertainty (ref Appendix 4)	8.0
Total set aside	**33.7**
Payments to July 2014 – forex and interest risk costs	(11.8)
Payment August 2014 – planning inquiry costs	(1.3)
Payment September 2014 – interim	(13.7)
Payment November 2014 – interim	(1.0)
Payment November 2014 – final	(5.9)
Balance	**Nil**

The settlement has removed the risk of further costs being incurred in future

7 Treasury Management, payment performance and debt collection

7.1 **Treasury management:** the corporate treasury management function ensures the efficient management of all the authority's cash balances. At the end of the financial year the Council's debt portfolio was £494m (31 March 2014: £505m). Cash balances available for investment have decreased from £203m at 1 April 2014 to £174m at 31 March 2015.

7.2 The latest projected cash recovery from Icelandic banks is £31.021m (31 March 2014: £31.325m), of which £29.878m (31 March 2014: £29.280m) has been received. £0.835m is held in Escrow accounts, and £0.308m is outstanding.

7.3 **Payment performance**: approximately 460,000 invoices are paid annually. For the year 2014-15, 95% of invoices were paid within 30 days from receipt, against a target of 90%, and performance in 2013-14 of 94.4%.

7.4 **Debt recovery**: Each year the County Council raises over 120,000 invoices for statutory and non-statutory services totalling over £900m.

7.5 Debt collection performance for 2014-15 is as follows:

- 92% of invoiced income (by value) was collected within 30 days in 2014-15 (2013-14 92%)
- 97% of income raised was collected within the financial year (by value). In 2013-14, 98% was collected overall

7.6 During 2014-15, three debt write-offs over £10,000 have been subject to Policy & Resources Committee approval. These debts total £64,423.05.

7.7 Four February debt write-offs over £10,000 are awaiting Policy & Resources Committee approval. These debts total £47,077.64. In addition one March debt of £16,507.73is awaiting Policy & Resources Committee approval. Three debt write-offs over £10,000 totalling £64,423.05 have previously been subject to Policy & Resources Committee approval in 2013-14. The total of debts >£10,000 recommended for write-off in 2014-15 is therefore £128,008.42 (2013-14 £34,337.10).

7.8 For the period 1 April 2014 to 31 March 2015, 781 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £396,275.70 (2013-14 £281,597.57).

7.9 During the year Norfolk County Council has successfully introduced the ability for customers to pay their invoices online via its website and via an automated telephone service, both of which provide a 24-7 service.

8 Purchase order performance

8.1 Whenever a commitment is made to purchase goods or services, a purchase order should be raised in advance.

8.2 At the end of 2014-15, the proportion of orders which were retrospective had fallen from 36% to 31%, compared to the equivalent period last year. However, the average retrospective spending has increased slightly from 26% to 27% by value. Improvement is still needed in order to meet the industry average of 22% by volume. Through 2014-15 there has been a 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.

9 Financial risk management

9.1 The Council's risk management processes seek to identify, analyse, evaluate and treat risks. This is done through all levels of the organisation, and summarised at departmental and corporate level.

9.2 Risks which affect corporate or strategic objectives are gathered in the corporate risk register. The Council's Audit Committee receives reports on key corporate risks, progress on their treatment and corporate risk management performance on a quarterly basis.

9.3 The register shows:

- 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.

9.4 There are three current risk scores which are classed as high or "red". These are the risks associated with:

- Failure to meet the long term needs of older people
- Failure to follow data protection procedures
- Shortage of personnel (previously amber).

9.5 There are 17 other classified risks, with risk scores of amber or green.

9.6 There are <u>no</u> target risk scores that are red.

10 Medium Term Financial Strategy

10.1 The Council's Medium Term Financial Strategy 2014-17, included the following policy objectives:

Table 8: MTFS 2014-17 action and status

MTFS 2014-17 action	**Current status**
County Farms: To review the economic case for the investment in and returns from County Farms	The 5 January 2015 County Farms working group agreed a contribution of £2.5m to support the 2015-16 revenue budget.
Carbon – to consider the stretch target proposed by the October 2013 Corporate Resources Overview and Scrutiny Panel for the 2015-18 MTFS.	The Council is working towards achieving 50% by 2019-20, with a particular focus on transport (including business mileage) and street lighting.
Other medium term budget objectives	**Risks**
EU funding target: to achieve savings of £750,000 each in 2015-16 and 2016-17 – to contribute towards adult care services	The original EU funding target is not likely to be deliverable for 2015-16. The Economic Programmes Team is continuing to work on and identify funding opportunities.
Business rates	**Commentary / uncertainty**
The County Council's Business rates income assumptions are based on "NNDR1" returns are required by the DCLG and prepared by district councils in January.	The January 2014 National Non-domestic Rates (NNDR) returns forecast growth above the government set baseline of £0.175m, and this was incorporated into the Council's budget agreed by Council in February. However business rates are volatile and difficult to forecast, and until the receipt of NNDR1s in January 2015 a prudent approach had been taken.

11 Detailed revenue monitoring report

11.1 This report is a summary of a full revenue monitoring report which can be found at: http://www.norfolk.gov.uk/Council_and_democracy/Council_tax_and_finance/Finance/index.htm.

Policy and Resources Committee

Item No 9B

Report title:	**Capital Outturn Report 2014-15**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Executive Director of Finance (Interim)**

Strategic impact

This report provides the final update on the progress towards the achievement of the capital programme set by the Council in February 2014.

The primary purpose of this report is:

- to summarise the outturn position on the 2014-15 capital programme
- to keep members informed of the progress of capital projects, and
- to give members confidence that capital expenditure is within approved funding available
- to respond to committee requests for further information and
- to demonstrate progress in generating capital receipts.

Capital Finance Monitoring reports are produced at the end of each month, and reported to the nearest subsequent Policy and Resources Committee.

Executive summary

Capital Programme

On 17 February 2014, the County Council agreed a 2014-15 capital programme of £202.462m with further future years' funding of £188.676m. Slippage and re-profiling from 2013-14 increased the 2014-15 programme to £237.935m. This report summarises changes to the programme during 2014-15, including revisions to the programme in March 2015, which have resulted in an outturn of £142.672m, a reduction of £25.255m since the Month 11 position of £167.927m, as set out in the Annex A, and £95.263m from the maximum programme. These reductions are due mainly to the reprofiling of schemes into 2015-16.

Council approved the 2015-18 capital programme during February, reaffirming funding for schemes within the current capital programme and approving additional schemes for future years. These changes have now been incorporated into the future years programme reported in Annex A.

Capital Receipts

The Council has generated £11.556m of capital receipts in 2014-15, a significant step in reducing the authority's reliance on borrowing to support future capital schemes. These receipts include £8.326m from sales of property (against a programme of £10.163m) and £2.373m of receipts from the repayment of loans granted by the Council.

Capital Expenditure – what has been achieved

The report summarises the capital expenditure which has taken place in 2014-15. There has been further progress on Postwick Hub, Better Broadband and the development of dementia care facilities in Bowthorpe with NorseCare. In addition, the Council has seen the delivery of Lingwood Primary School, improvement and expansion of Eaton Primary School and Easton VC Primary School, two major museums projects and the completion of four refurbished floors at County Hall. The South Lynn Fire Station was officially opened on 2 February to house up to three fire appliances in the Kings Lynn area. Additionally, a new bus interchange has been completed in Thetford, being officially opened during March.

Further highlights of the 2014-15 capital programme are set out in Annex A.

Recommendations:

Members are recommended to:

- **note the outturn expenditure and funding of the 2014-17 capital programme and as set out in Annex A section 1**
- **note the progress of the 2014-15 programme, as set out in Annex A section 2**
- **note the changes which have occurred during the year as set out in Annex A section 3**
- **approve the carrying forward into 2015-16 of re-profiled/slippage amounts not previously approved, as set out in in Annex A section 3**
- **note the use of revenue and reserves to minimise the Council's borrowing requirement in 2014-15 as set out in in Annex A section 4.**
- **note the capital receipts generated in year, including the impact on borrowing and on the capital receipts reserve, as set out in in Annex A section 5.**

1. Introduction

1.1 This report sets out the outturn 2014-15 capital programme.

2. Evidence

2.1 The Council set an initial 2014-15 capital programme of £202.462m in January 2014, which was been subsequently revised to £167.927m at month 11 to account for reprofiling and other adjustments as previously reported to the committee.

2.2 There has been further reprofiling and adjustments of -£25.255m between Month 11 and the outturn position, as set out in the attached report. This has resulted in an outturn 2014-15 programme of £142.672m.

3. Financial Implications

3.1 The final position of the 2014-15 capital programme is £142.672m. There is an overall underspend on the programme for the year of £1.728m resulting in outturn expenditure of £140.944m.

3.2 This is to be funded by £22.333m of prudential borrowing; £9.813m of capital receipts; £9.085m of revenue & reserve funding; and £99.713m of grants and contributions.

3.3 The impact of the additional borrowing on future revenue budgets as a result of interest costs and setting aside amounts for the repayment of the borrowing is £2.010m.

4. Issues, risks and innovation

4.1 Risks associated with the capital programme, in terms of prioritising funding, and the timing and control of spend, are being addressed through links with Asset Management Plans and the on-going development of the Property Client function. The capital monitoring report highlights activity and risks associated with the capital programme.

4.2 The revised approach to capital programme planning increases the focus on deliverability, and comparing projects on a council-wide basis in order to ensure optimal use of resources.

4.3 Officers have considered all the implications which members should be aware of. Apart from those listed in the report and summarised above, there are no other implications to take into account.

5. Background

5.1 Having set a capital budget at the start of the financial year, the Council needs to ensure its 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.

5.2 Further details are given in the annex to this report.

Officer Contact

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

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Norfolk County Council

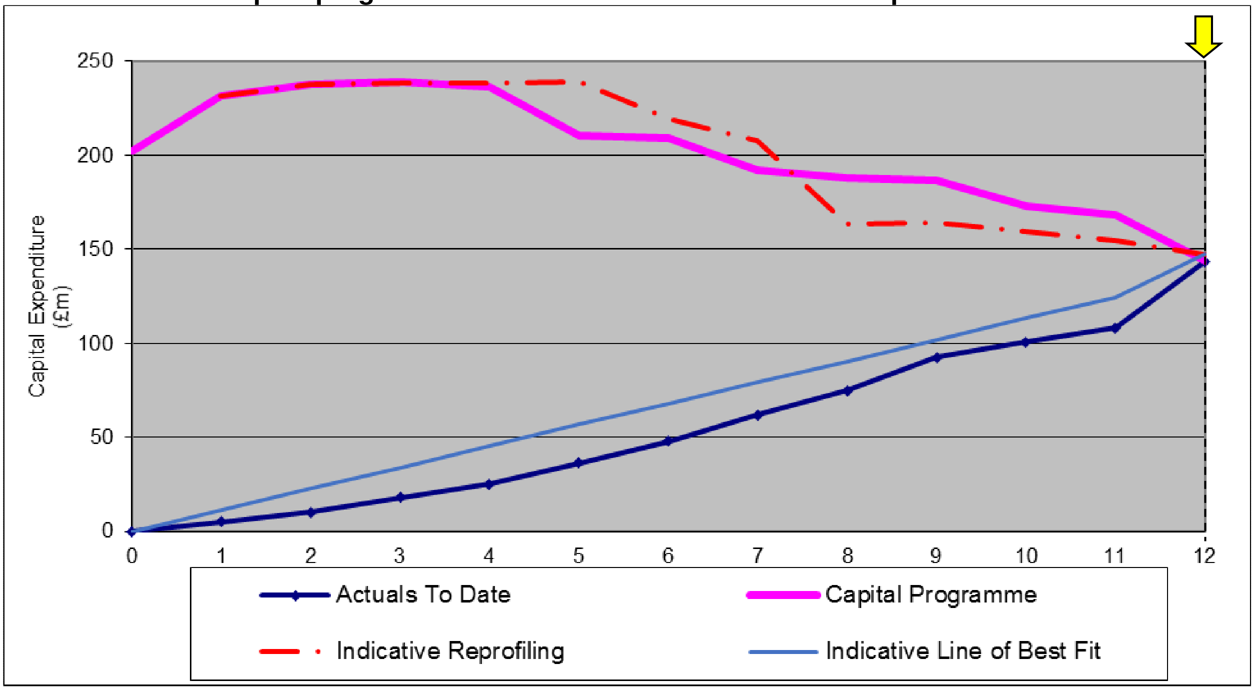
Annex A: Capital Outturn Summary Report 2014-15

Report by the Executive Director of Finance (Interim)

1 Outturn Spend and Project Delivery 2014-15

1.1 Progress on the overall capital programme throughout 2014-15 was as follows:

Chart 1: Capital programme 2014-15 and cumulative actual expenditure



1.2 The final outturn expenditure on the capital programme for 2014-15 was £140.944m against the revised programme of £142.672m, as a result of £1.728m of slippage and underspends. The final position for each service is set out in the table below:

Table 1: Comparison of capital programme, by service, and final outturn

Service	**Revised Capital Programme**	**Outturn**	**Underspend/ Slippage**
	£m	**£m**	**£m**
Children's Services	29.271	29.271	0.000
Adult Social Care	3.998	3.998	0.000
Community & Environmental Services	80.086	78.503	-1.583
Resources	13.100	13.097	-0.003
Finance & Property	16.217	16.075	-0.142
Total	**142.672**	**140.944**	**-1.728**

1.3 The underspend of £1.583m in CES relates primarily to an underspend relating to drainage improvements at the Council's waste sites achieved by using alternative methods of delivering the improvements.

2 Progress during 2014-15

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

2.1 Children's Services

Service priorities for the Children's Services' capital programme approved in April 2014 were growth, targeted strategies and improving the condition and efficiency of the estate. Delivery on site included:

- Permanent accommodation to increase the capacity of Catton Grove Primary School from 420 to 630 places
- The completion of the new 210-place primary school and nursery at Lingwood
- Completing the reorganisation process in Hunstanton
- The new building for Ashwicken VA Primary School,
- An extensive programme of condition and energy efficiency improvements.

2.2 Adult Social Care

Adult Social Care has continued to work with third parties to deliver services. This year's programme included a £3m grant to develop a site in Bowthorpe for specialist dementia care and general Housing with Care. Further expenditure in year has focussed on other improvements to dementia care in Great Yarmouth and other Council properties.

2.3 Community and Environmental Services

2014/15 was the first year of highway service delivery through a new contract with LaFarge Tarmac (Contractor) and Mouchel (Consultant). The total budget of around £75m was successfully delivered on target and which included:

- Start of works on the A47 Postwick hub
- Start of the Great Yarmouth A12-A143 Link Road Scheme (supported by over £5m DfT "Pinch point" funding)
- Over £32m of highway and bridge maintenance schemes
- £5.4m of pothole repairs and preventative work
- 74 "Parish partnership" schemes worth £0.4m
- Various cycle schemes through the "Push the pedalways" project in Norwich (supported by £5m DfT Cycle ambition funding)
- Various externally funded major highway improvements in Kings Lynn (working closely with King's Lynn Borough Council) and in Norwich
- Major new bus station at Thetford.

Norfolk Fire and Rescue Service continue to deliver against their Risk Management Plan. One major objective of this plan was to create a second delivery point in the Kings Lynn area. This aim was achieved in 2014-15 with the completion of the South Lynn Fire Station at Horsley Fields.

The development of the former RAF Coltishall site, now known as Scottow Enterprise Park, has continued through 2014-15. The authority has leased a large part of the former airfield to Scottow Moor Solar which will deliver the second biggest solar farm in the UK on the site.

The Libraries service has procured a new Library Management System, Spydus, in the year. It has also delivered around £0.280m of libraries improvements and a significant number of Carbon Energy Reduction Fund (CERF) and Corporate Minor Works (CMW) projects to improve the condition and energy efficiency of libraries across the region.

Museums have also delivered a number of projects this financial year including completion of the new stock system which came into use this financial year and the construction of improved sewerage facilities at Gressenhall Farm and Workhouse providing suitable facilities to cope with the forecast increase in visitor numbers.

2.4 Resources

This year has seen the continuation of the successful delivery of Better Broadband which was initiated last financial year and is being delivered in partnership with BT. Progress on the scheme is broadly in line with the initial project plan with over 400 new cabinets installed, connecting more than 100,000 households to superfast broadband across the county.

Digital Norfolk Ambition has successfully completed the procurement of the first phase of laptops to improve the authority's ICT in partnership with HP.

2.5 Finance & Property

The County Hall Refurbishment project has dominated the Finance & Property programme in 2014-15. More than £14m has been spent on the project this financial year and significant progress has been made – three refurbished floors of the main tower are now occupied as well as the south wing.

Works have also commenced at Havenbridge House with completion due in Summer 2015.

The authority has also continued its programme of improvements on the County Farms estate with £0.6m spent in year at a number of sites.

3 Outturn Capital Programme 2014-15

3.1 The 2014-15 Capital Programme was approved by the County Council on 17 February 2014 and is published in the Council's 2014-15 Financial Strategy and Medium Term Financial Strategy.

3.2 Subsequent to the agreement of the 2014-15 Capital Programme, there has been further reprofiling and other changes reported to Cabinet and Policy and Resources Committees, including adjustments to funding which were not anticipated at the time of the Capital Programme's publication. These changes have now been incorporated into the table below. In addition, new schemes approved in February 2015 have been added to the total programme.

3.3 The latest revised programme totals £672.097m, made up of:

Table 2: Revised Capital Programme

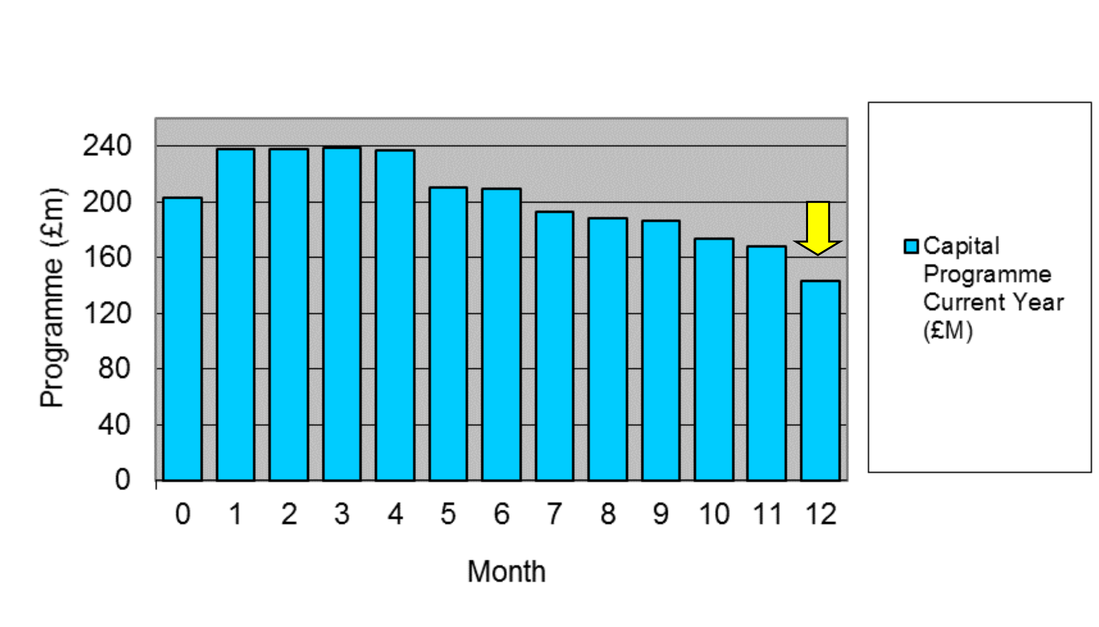
	2014-15	2015-18
	£m	**£m**
New schemes approved January 2014	24.446	142.188
Previously approved schemes	178.016	46.488
Totals in Medium Term Financial Strategy	**202.462**	**188.676**
Re-profiling and other adjustments at financial year end	17.878	7.958
Slippage	2.359	0.000
Other Adjustments (Primarily additional funding announcements for Children's Services and Highways)	15.236	0.000
Capital Programme Opening Position	**237.935**	**196.634**
Previously approved reprofiling	-83.364	83.364
Other movements previously approved	13.356	45.619
New capital programme approved February 2015	0.000	175.263
Totals previous period (11)	**167.927**	**500.880**
Re-profiling period 12	-25.306	25.306
Other movements to be approved	0.051	3.239
Revised capital programme outturn	**142.672**	**529.425**
Total		**672.097**

3.4 This table highlights reprofiling of £25.306m to future years to align the budget to the capital outturn.

3.5 Other movements to future years is primarily a result of additional schools and developer contributions being added to the programme.

3.6 The following chart identifies the cumulative effect of the changes to the capital programme during 2014-15.

Chart 2: Outturn Capital Programme changes in 2014-15



3.7 The arrow at Month 12 shows the outturn position for 2014-15.

3.8 The table below provides a high level view of how the revised 2014-15 programme is made up for each service:

Table 3a: Revised capital programme 2014-15

Service	Agreed Capital Programme 2014-15	Reprofiling, slippage and other adjustments	Opening Capital Programme 2014-15	Cumulative Changes in 2014-15	Final 2014-15 Capital Programme
	£m	£m	£m	£m	£m
Children's Services	69.460	21.700	91.160	-61.889	29.271
Adult Social Care	9.060	1.492	10.552	-6.554	3.998
Community & Environmental Services	93.170	9.009	102.179	-22.093	80.086
Resources	16.406	-2.817	13.589	-0.489	13.100
Finance & Property	14.366	6.089	20.455	-4.238	16.217
Total	**202.462**	**35.473**	**237.935**	**-95.263**	**142.672**

3.9 Changes to the programme in 2014-15

Table 3b: Analysis of 2014-15 cumulative changes

Service		Reprofiling 2014-15	Other Movements 2014-15		Cumulative Changes 2014-15
		£m	£m		£m
Children's Services		-65.294	3.405		-61.889
Adult Social Care		-6.558	0.004		-6.554
Community & Environmental Services		-25.145	3.052		-22.093
Resources		-5.489	5.000		-0.489
Finance & Property		-6.184	1.946		-4.238
Total		**-108.670**	**13.407**		**-95.263**

3.9.1 Children's Services

Apart from reprofiling, movements on the Children's Services programme related primarily to the addition of further developer and schools contributions to the capital programme throughout the year.

3.9.2 Adult Social Care

The majority of movements on the Adult Social Care programme have been the result of reprofiling unallocated funding into future years. This funding is being held awaiting suitable projects to improve the Council's Housing with Care.

3.9.3 Community and Environmental Services

An additional £3m of developer contributions and other funding included in highways capital programme has been offset by a reduction of £3.7m for developer schemes at Lodge Farm, Costessey and Norwich Research Park.

£3m has been added to cover the costs of replacing the radar at Norwich International Airport, enabling the construction of the Northern Distributor Road.

3.9.4 Resources

The £5m addition to the programme is the Digital Norfolk Ambition scheme which was agreed to be funded from borrowing following a review of financing options.

3.9.5 Finance & Property

The Finance & Property programme has increased due to the transfer of the Havenbridge House refurbishment project into the programme from Children's Services.

3.10 **Changes to the Future Capital Programme**

The revised programme for 2015-17 is as follows, with the majority of other changes relating to the addition of the future years programme agreed by Council in February 2015:

Table 4: Future capital programme 2015-17

Service	Opening Future Years Capital Programme £m	Reprofiling throughout 2014-15 £m	New capital programme agreed in February 2015 £m	Other Movements throughout 2014-15 £m	Cumulative Changes throughout 2014-15 £m	Final Position Of Future Years Capital Programme £m
Children's Services	46.572	65.294	14.767	49.244	129.305	**175.877**
Adult Social Care	0.000	6.558	6.327	-0.139	12.746	**12.746**
Community & Environmental Services	129.091	25.145	131.869	-0.494	156.520	**285.611**
Resources	11.197	5.489	18.400	0.000	23.889	**35.086**
Finance & Property	9.774	6.184	3.900	0.247	10.331	**20.105**
TOTAL	**196.634**	**108.670**	**175.263**	**48.858**	**332.791**	**529.425**

3.10.1 As can be seen from the table above, the majority of changes to the future capital programme relate to re-profiling of schemes from the 2014-15 programme, the new programme approved in February, plus the effect of additional capital funding for 2015-18 announced by the Department for Education since February 2015.

4 Financing The Programme

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

4.2 Funding comes primarily from grants and contributions provided by central government. These are augmented by capital receipts, developer contributions, prudential borrowing, and contributions from revenue budgets and reserves.

4.3 The table below identifies the funding used to support the outturn capital programme:

Table 5: Financing of the outturn 2014-15

Funding Stream	Agreed Capital Programme 2014-15	Reprofiling, slippage and Other Adjustments	Opening Capital Programme 2014-15	Cumulative Changes in 2014-15	Final 2014-15 Capital Programme	Outturn 2014-15	Over / (Under)spend
	£m	£m		£m	£m	£m	£m
Prudential Borrowing	44.884	2.510	47.394	-20.758	26.636	22.333	-4.303
Capital Receipts	2.258	6.276	8.534	1.279	9.813	9.813	0.000
Revenue & Reserves	3.567	-2.559	1.007	5.503	6.510	9.085	2.575
Grants and Contributions							
DfE	58.463	13.300	71.763	-50.896	20.867	20.867	0.000
DfT	48.76	3.437	52.197	4.533	56.730	56.730	0.000
DoH	7.482	0.848	8.330	-5.327	3.003	3.003	0.000
DCLG	0.406	0.496	0.902	-0.347	0.555	0.555	0.000
DCMS	10.378	0.000	10.378	-1.701	8.677	8.677	0.000
GNDP/CIF	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Developer Contributions	0.000	0.000	0.000	3.923	3.923	3.923	0.000
Other	26.265	11.165	37.430	-31.472	5.958	5.958	0.000
TOTAL	**202.462**	**35.473**	**237.935**	**-95.263**	**142.672**	**140.944**	**-1.728**

4.4 The difference between outturn and capital programme funding is primarily the result of a £1.583m underspend on drainage improvements at the Council’s waste sites, and the prudent use of revenue contributions received from services and schools in 2014-15.

5 Capital Receipts

5.1 The Council's Asset Management Plan, as approved on 14 April 2014, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

5.2 The capital programme, approved in February 2014, further detailed how asset management would support capital expenditure through generating a forecast £10.163m of capital receipts through property disposals.

5.3 Since then, there have been a significant number of changes to the draft disposal schedule as a result of identifying further general disposals to reduce borrowing across the capital programme. The current revised schedule for disposals is:

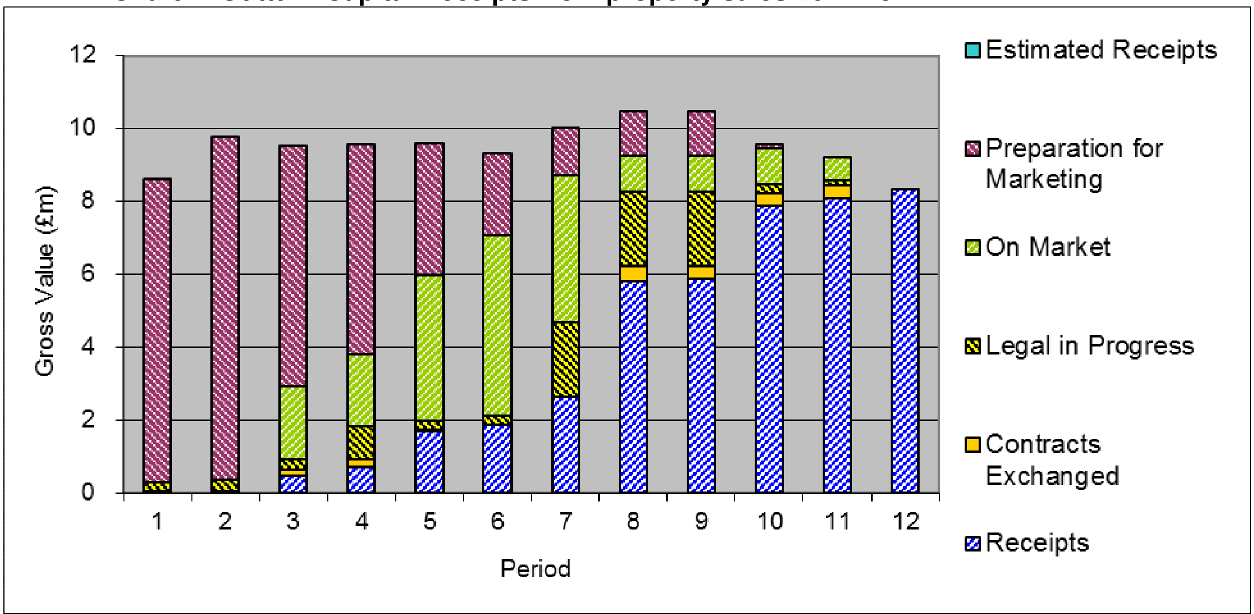
5.4 The following table classifies the movements on forecast receipts for the financial year:

Table 6: Reconciliation of Disposal Schedule Estimates

	£m
Capital Programme	**10.163**
Additions	2.238
Upward revaluations of estimates	1.299
Brought forward from future years	3.141
Removals	-1.065
Downwards revaluations of estimates	-0.080
Disposals in prior years	-0.984
Delayed until future years	-6.386
Outturn 2014-15	**8.326**

5.5 The chart below shows the progress on realisation of the outturn capital receipts for 2014-15.

Chart 4: Outturn Capital Receipts from property sales 2014-15



Although general receipts were higher than expected due primarily to the sale of the former Claydon High School and a number of other sales being accelerated into 2014-15, this was more than off-set by a sale of £4m farm land for development of in Acle being deferred.

5.6 Use of Capital Receipts

Where unallocated capital receipts are generated the Council uses these to support its general capital programme. Anywhere capital receipts have been allocated as part of a financial package, but are still to be used, they are retained in the capital receipts reserve to fund future projects. The table below identifies expected movements on the capital receipts reserve:

Table 7: Capital receipts reserve final position 2014-15

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**1.385**	**0.367**	**1.752**
Receipts from sales of properties	5.126	2.577	0.623	8.326
Receipts from sales of assets to leasing companies	0.867	0.000	0.000	0.867
Other capital receipts	2.373	0.000	0.000	2.373
Receipts generated in year	**8.366**	**2.577**	**0.623**	**11.566**
Sales expenses	-0.174	-0.079	0.000	-0.253
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Net receipts available for funding	**8.192**	**3.884**	**0.990**	**13.064**
Use to fund incomplete leases	-0.020	0.000	0.000	-0.020
Use to fund programme and reduce borrowing	-8.172	-1.040	-0.582	-9.794
Closing Balance	**0.000**	**2.843**	**0.408**	**3.251**

6 Full report

This report is a summary of a full capital monitoring report which can be found at: http://www.norfolk.gov.uk/Council_and_democracy/Council_tax_and_finance/Finance/index.htm.

Policy and Resources Committee

Item No 10

Report title:	**Revisions to the 2015-16 Budget**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Peter Timmins - Executive Director of Finance (Interim)**

Strategic impact

This report updates the 2015-16 budget agreed by the County Council at its meeting 16 February 2015.

Executive summary

When the County Council agreed its 2015-16 revenue budget on February 16th, additional spend of £0.5m was agreed on the day, with the details of how it was to be funded held over.

Whilst considering this matter, it would be prudent to address other funding issues that have arisen since then.

Members are recommended to:

1. Note the types of funding issue:
    a. Costs to be incurred of £1m and the outstanding July decision of £0.4m;
    b. Pressures and choice of £0.160m (or £0.607m);
    c. 2015-16 Risks of £5.485m;
    d. Spend to save initiatives of £0.220m;
    e. A loan to North Norfolk CCG of £0.5m, repayable in 2016-17.

2. Note the funding boundaries of:
    a. Recurring funds available in 2015-16 of £1.4m;
    b. The advice, at 3.1, that the prudent approach would be to limit spending decisions to the minimum required, until later in the year when a more considered picture will emerge from the Government following the July 8th budget;

3. Note that the report on the 2014-15 Outturn recommends the 2014-15 underspend of £1.753m be added to the General Balances;

4. Agree the implementation of the County Hall car park and Recycling Centre savings, otherwise the unfunded cost will escalate;

5. Approve the £1.4m of funding be deployed for the costs set out 1a and 1b above, and indicate which schemes are not to be immediately funded, in the light of 2b above;

6. Approve the £0.5m loan to North Norfolk CCG;

7. Refer to Full Council for decision:

    a. A loan to North Norfolk CCG of £0.5m, repayable in 2016-17;
    b. Any excess of funding that cannot be contained within the £1.4m resource.

1. **Five areas of cost**

1.1 There are five areas of cost, which range from those that are certain to occur, to those that could occur, on to those that are an emerging risk, costs that can repay themselves and a one year loan. The funding solution to each is different, and addressed in section 2. The cost areas are:

1.2 Costs to be incurred of £1m and the outstanding July decision of £0.4m

- Council February 16 Budget decision £500k – as part of the agreement reached during the budget debate at Full Council on February 16th, additional expenditure of £500k was agreed. In the context of the Council's £1.4bn revenue budget, it was an acceptable risk that the identification of funding for the spend could be considered over the first three months of the 2015-16 budget year.

- Pensions reduced income; costs unchanged £500k – the contribution to the Pension Fund is fixed for a three year period and normally, the flow of income from existing and new entrants remains at the planned level. Where there is a significant income shortfall, the Council has to provide the funding until the next revaluation. A trading arm of the Council, Norse, has responded to the tightening market by improving productivity, rather than recruiting. Also, staff have declined to join the Council's pension scheme, reducing the level of income compared to assumptions. The cost of £500k, can be funded from a lower 2015-16 revenue call to fund the reduced "minimum revenue provision", as a consequence of the lower level of capital expenditure in 2014-15.

- The Adults Committee agreed to change the treatment of war pensions, to increase what is paid, estimated at £400k. A funding source was not identified, but remitted to P&R Committee for consideration. Given the constraints of P&R's terms of reference, the matter has been referred to Full Council for consideration in July.

1.3 Pressures and choice of £0.160m (or £0.607m if no implementation)

The two items (below) were agreed as savings in the 2015-16 budget, but their implementation has been delayed. Failure to implement the savings will increase the level of alternative savings that will have to be found, to a full year effect of £607k.

- Reduced opening hours at some recycling centres £50k - although the policy forms part of the 2015-16 budget, with a planned annual cost saving of £167k, its implementation has been rejected by the members of the EDT Committee subject to the review of the overall recycling service. It is prudent to cover an element of the costs of the service, £50k, whilst reaching agreement alternative plans to deliver the saving.

- County Hall car parking £110k – the Council agreed savings of £440k from charging staff the car park. However a scheme to implement this has slipped, and it is prudent to cover the lost income of £110k, whilst reaching agreement on implementation.

1.4 2015-16 Risks of £5.485m.

- Elsewhere on the agenda is the monitor of the 2015-16 savings, that total just under £51.4m. There are two areas of concern. Service Committees have the time to mitigate these risks and avoid them turning into overspends. In the past, the prudent approach is to hold any underspend from the previous year as cover for these risks, which are set out at Table 1 below.

Table 1 2015-16 Risks

2015-16 Risk	£k
Adults - three operational areas:	
o Changing how we provide care for people	- 1,000
o Reduce funding for wellbeing activities	- 3,000
o Various	- 1,235
Fire income - possible shortfall	- 250
	- 5,485

- Whilst an overall underspend was delivered in 2014-15, this contained some overspends which are recurring. Further work is being undertaken on establishing the impact in 2015-16 and this will be reported to a future Policy and Resources Committee meeting.

1.5 Spend to save initiatives of £0.220m

A target to repay the investment within three years, for areas that are essentially trading, is considered reasonable, and a spur to entrepreneurial development:

- Adult Education £120k investment to improve standards – the Ofsted inspection of Adult Education required it to improve. The £300k investment to bring about this change is spread over two years, and the 2015-16 requirement of £200k partially funded by an £80k reserve the service holds for Adult Education. . This money will be drawn down as a one-off funding to enable the Service to improve in response to an Ofsted report. There is an expectation that the sum would be paid back in the medium term.

- Services for Schools £100k – the services that support the schools are in the process of moving to a full trading basis, which requires work to convert to an entrepreneurial organisation. This will position the Council to be able to compete to be a provider of services to any educational establishment, both inside and outside the County. The cost of £300k can be mainly met from a £200k provision for such an initiative.

1.6 A loan to North Norfolk CCG

Due to the financial pressures facing the North Norfolk CCG this year 2015-16, we have accepted a reduced level of funding of £0.5m from the CCG, that will be made good in 2016-17. To cope with the shortfall, it is proposed to use the Council balances to manage the financial position between 2015-16 and 2016-17, which does not have any impact on the Council's 2015-16 budget.

2 The Funding

2.1 There are two sources of recurring funding, which amount in total to £1.4m.

- The first, amounting to £530k arises from a revisit to the assumptions on inflation in 2015-16 budget. The budget figure was fixed in December 2014, since when, inflation has turned out to be lower than assumed:

- The second saving arises from the slippage in the 2014-15 capital programme, which generates an £870k lower revenue cost in the following year 2015-16.

2.2 Reported elsewhere on the agenda is the 2014-15 underspend of £1.753m. That report proposes that the sum be added to the General Balances. This will enable the Council to manage the risks of a unique year, for example, with a second national budget to be revealed in July, as well as the risks outlined at Table 1 above.

3 Financial Implications

3.1 The meeting to consider the revisions to the 2015-16 budget will take place immediately after the Queens speech (May 27th) and before the second national budget, on July 8th. The prudent approach would be to limit spending decisions to the minimum required until later in the year, when a more considered picture will emerge. Progress, on mitigating the risks, and delivering the savings will be reported monthly.

3.2 In addition, implementation of agreed savings, such as the County Hall car park and Recycling Centre savings, will ease the pressure to find alternative savings that must occur if a balanced budget is to be delivered. Failure to implement the savings will increase the level of alternative savings that will have to be found, to a full year effect of £607k.

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:
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Annex 1 Summary of Cost areas

1	**Costs to be incurred and decision**	£k	
	Council February 16 Budget decision	-500	
	Pensions Norse reduced income; costs unchanged	-500	
	War Veterans - to be considered in July	-400	
		-1,400	
2	**Pressures and choice**	£k	
	Waste trading £167k - non closure of sites - 3 months slippage	-50	
	County Hall car parking £440k, 3 months slippage	-110	
		-160	or -607
3	**2015-16 Risk**	£k	
	Adults - three operational areas:		
	o Changing how we provide care for people	- 1,000	
	o Reduce funding for wellbeing activities	- 3,000	
	o Various	- 1,235	
	Fire income - possible shortfall	- 250	
		- 5,485	
4	**Spend to Save initiatives**		
	Adult Education; investment to improve standards 2015-16 £200k/2016-17 £100k, less specific Reserve £80k	-120	
	Services for Schools - £300k investment for trading, less specific Reserve £200k	-100	
		-220	
5	**A loan to North Norfolk CCG of £0.5m, repayable in 2016-17.**		
	Funding	£k	
	Inflation svng	530	
	Cap prog slippage 2014-15; rev svng 15-16	870	
		1,400	

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Policy and Resources Committee Item No 11

Report title:	Annual Treasury Management Outturn Report 2014-15
Date of meeting:	1 June 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

This Annual Treasury Management Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity. This report provides details of the 2014-15 outturn position for treasury activities and highlights compliance with policy and strategy previously approved by Members in relation to treasury management.

Executive summary

In accordance with regulatory requirements, this report provides information on the Treasury Management activities of the County Council for the period 1st April 2014 to 31st March 2015.

Despite an improvement in general economic and financial indicators during 2014-15, the environment in which the Council undertakes it's treasury operations remains challenging. The Bank of England Base Rate remained at its historic low of 0.5% throughout the year. The Council has continued to delay borrowing for capital purposes to avoid the 'cost of carrying debt' in the short term.

During 2014-15, the Council's treasury management operations have been carried out in accordance with best practice and in compliance with legislative and regulatory requirements.

At the 31st March 2015, the Council's external debt was £494M (£503M in 2013-14) and its investments totalled £174M (£203M in 2013-14).

Recommendations:

It is recommended that Members endorse and recommend to County Council, the Annual Treasury Management Report 2014-15.

1. Introduction

The annex to this report sets out the treasury management activities of the County Council for the period 1st April 2014 to 31st March 2015.

2. Evidence

All treasury management operations detailed in the attached annex have been carried out in accordance with recognised best practice and in compliance with legislative and regulatory requirements.

The annex summarises:

- Investment Activity
- Long Term Borrowing and Debt Management Activity
- Leasing Activity

3. Financial Implications

This report brings together information on the treasury management activities of the County Council during 2014-15. Regular treasury management performance reports have been received throughout the year; therefore there are no further financial implications to consider.

4. Issues, risks and innovation

Risk implications

4.1 The County Council's treasury management activities provide for 'the effective management of risk while pursuing optimum performance consistent with those risks.' The Annual Investment & Treasury Strategy Report sets the parameters for risk management. Operationally, a risk register is maintained to monitor risks and control measures.

4.2 The need to procure and implement corporate banking services for the County Council has been recorded as a corporate risk. The current risk score is 10 (likelihood 5 x impact 2), a medium risk.

5. Background

5.1 The County Council is required by regulation issued under the Local Government Act 2003 to produce an annual treasury management review of its activities.

Officer Contact

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Annex

Annual Treasury Management Report 2014-15

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce an annual report on Treasury Management activities. The County Council is required to comply with the Code through Regulations issued under the Local Government Act 2003.

1.2 Treasury management activities are defined as 'the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.

1.3 Treasury management in local authorities is extremely well regulated. Specific policy and operational guidance is contained in a variety of professional codes, statutes and government guidance.

1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.5 During 2014-15 the minimum reporting requirements were that the County Council should receive the following reports:

- an annual treasury strategy in advance of the year (County Council 17th February 2014)
- a mid year treasury update report (County Council 1st December 2014)
- an annual report following the year-end describing activity (this report).

In addition throughout 2014-15, the Treasury Management Panel and the Policy and Resources Committee received regular treasury management performance monitoring reports.

2. Economic Review 2014-15 (by Capita, TM Advisors)

2.1 At the beginning of 2014-15 the expectation was for the first UK increase in Bank Base Rate to occur in quarter 1 of 2015. This forecast was predicated on the basis that economic growth had increased and that unemployment had fallen much faster than expected. However, the forecast for UK Bank Base Rates was quickly revised as it became apparent that economic growth was still heavily dependent on the UK consumer.

2.2 During the second half of 2014 financial markets were caught out by a halving of the oil price. Fears also increased that the ECB was doing too little too late to ward off the threat of deflation and recession in the Eurozone. By the end of 2014, it became clear that inflation in the UK was heading toward zero and that the Monetary Policy Committee would have great difficulty in starting to raise Bank Base Rate while inflation was so low. Market expectations for the first increase were pushed back to around quarter 3 of 2016.

2.3 Gilt yields (the rate at which the UK Government and local authorities can borrow) were subject to volatility during 2014-15 as investors took 'flight to quality' following news that the anti-austerity party had won power in Greece and that Greece could be heading for an exit from the Euro. Further falls in Gilt yields followed the announcement that the European Central Bank would start a major programme of quantitative easing.

2.4 Elsewhere, strong growth in the United States caused an increase in confidence that the US was well on the way to making a full recovery from the financial crisis and would be the first country to start increasing its central interest rate, probably by the end of 2015.

3. Treasury Operations in 2014-15

3.1 Investment Interest Rates in 2014-15

3.1.1 The Bank Base Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations as to the start of monetary policy tightening (increases in Bank Base Rates), suggests quarter 3 of 2016. The table below shows that due to 'cheap credit' being made available to banks, there has been little movement in money market deposit rates during the course of 2014-15.

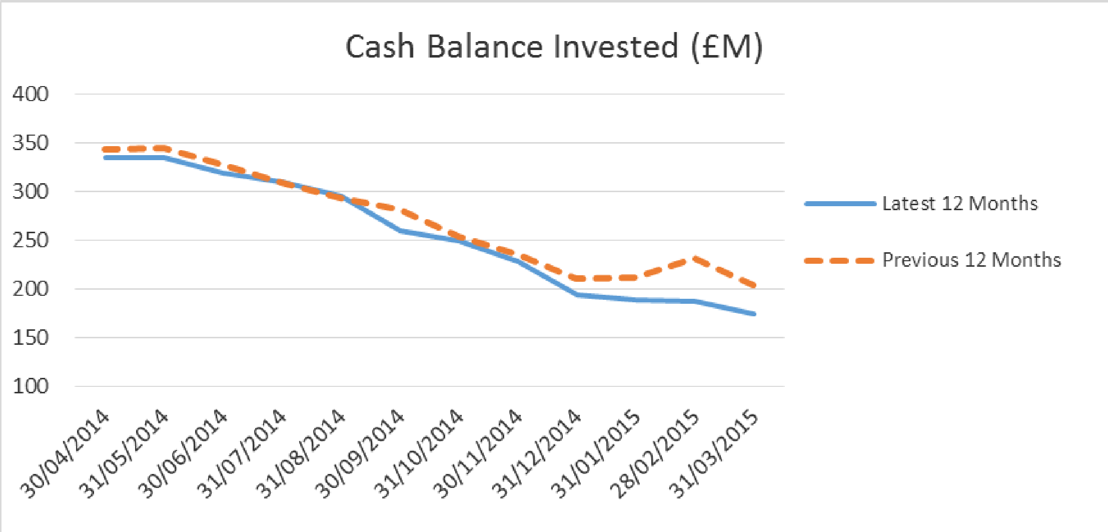
Money Market Investment Rates for 2014-15					
	7 day (%)	**1 month (%)**	**3 month (%)**	**6 month (%)**	**1 year (%)**
1st April 14	0.338	0.362	0.402	0.497	0.783
31st Mar 15	0.358	0.378	0.445	0.559	0.841
High	0.362	0.384	0.445	0.596	0.951
Low	0.334	0.360	0.400	0.496	0.772
Average	**0.352**	**0.374**	**0.429**	**0.556**	**0.868**

3.2 Investment Activity

3.2.1 The Council's investment policy is governed by the Department for Communities and Local Government's Guidance, which was incorporated within the annual investment strategy approved by the County Council on 17th February 2014. Investment activity during the year was in accordance with the approved strategy.

3.2.2 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme.

3.2.3 Income received in 2014-15 amounted to £1,553M (£1,543M in 2013-14), while payments, including debt repayment, totalled £1,582M (£1,553M in 2013-14), resulting in an overall decrease in cash balances of £29M. Cash balances available for investment have therefore decreased from £203M at 1st April 2014 to £174M at the 31st March 2015. The average level of cash balances in 2014-15 was £255M (£271M in 2013-14).



3.2.4 Of the 500 bank accounts administered by the County Council, only 3 are principal accounts (one for income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all 500 accounts by aggregating and investing surplus cash balances on a daily basis.

3.2.5 A key objective of cash flow management is to minimise balances held in the Council's 500 bank accounts to within a cumulative average of plus/minus £0.025M across all accounts, thereby maximising cash balances for investment. For the period 1st April 2014 to 31st March 2015 the average daily cash balance after adjustments was £0.010M in-hand (including schools).

3.2.6 All cash balances are managed internally and invested in accordance with the Council's approved investment strategy. The Council works closely with its external Treasury Advisors to determine the credit rating criteria for 'high' credit rated institutions supplemented by other financial market information and intelligence.

3.2.7 Investment decisions are largely driven by the timing of projected cash in-flows and out-flows, the availability of high quality counterparties and the relative value of interest rates compared to the performance benchmark.

3.2.8 An investment profile as at the 31st March 2015 is attached at Appendix A. The oldest deposit dates back to April 2014 and the longest dated maturity was July 2015. Interest rates range from 0.50% (HSBC Call Account) to 0.95% (Lloyds TSB). Short term deposits with NPS reflect commercial overdraft arrangements for working capital.

3.2.9 The average interest rate earned in 2014-15 was 0.74% (0.95% in 2013-14), compared with the average 7 day London Interbank Bid (LIBID) rate of 0.35%. The table below provides a month by month and a cumulative comparison against the 7 day LIBID benchmark. A comparison against other deposit benchmarks can be made using the table at para. 3.1.1 above.

2014/15	Interest for Month (%)	LIBID for Month (%)	Interest Year to Date (%)	LIBID Year to Date (%)
Apr 14	0.74	0.34	0.74	0.34
May 14	0.68	0.34	0.71	0.34
Jun 14	0.68	0.35	0.70	0.34
Jul 14	0.70	0.35	0.70	0.34
Aug 14	0.72	0.35	0.70	0.35
Sep 14	0.77	0.36	0.71	0.35
Oct 14	0.78	0.36	0.72	0.35
Nov 14	0.81	0.36	0.73	0.35
Dec 14	0.81	0.35	0.74	0.35
Jan 15	0.78	0.36	0.74	0.35
Feb 15	0.75	0.36	0.74	0.35
Mar 15	0.76	0.36	0.74	0.35

3.2.10 Gross interest earned for the period 1st April 2014 to 31st March 2015 is £1.892M (£2.568M in 2013-14). Net interest earned, after adjusting for internal interest bearing accounts, is £1.492M (£2.117M in 2013-14).

3.2.11 A year on year comparison of investment activity is summarised below. Gross Interest Earned has decreased by £0.676M year on year, largely the result of a reduction in money market deposit rates and the reduction in the level of cash balances. However, the interest rate achieved in 2014-15 of 0.74% exceeds the average LIBID 6 month deposit rate of 0.556% and this has been achieved while still maintaining daily cashflow liquidity.

	2013-14	**2014-15**
Average Cash Balances	£271M	£255M
Interest Rate (including prior year fixed deposits)	0.95%	0.74%
Gross Interest Earned	£2.568M	£1.892M

3.3 Borrowing Interest Rates

3.3.1 The table below presents Public Works Loans Board (PWLB) borrowing rates from 2014-15 across a selection of maturity periods.

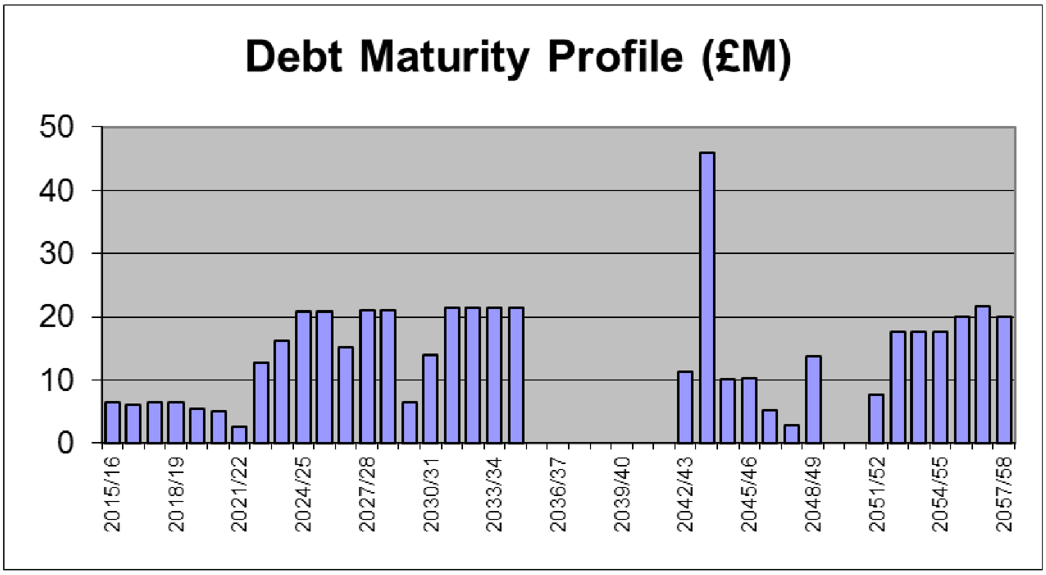
PWLB borrowing rates for 2014-15					
	1 Year (%)	**5 Year (%)**	**10 Year (%)**	**25 Year (%)**	**50 Year (%)**
1st April 14	1.24	2.65	3.63	4.29	4.27
31st Mar 15	1.11	1.86	2.45	3.11	3.08
High	1.49	2.87	3.66	4.30	4.28
Low	1.08	1.71	2.18	2.85	2.82
Average	**1.27**	**2.36**	**3.08**	**3.74**	**3.72**

3.4 Long Term Borrowing & Debt Management Activity

3.4.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the Council's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising cash resources on a temporary basis within the County Council.

3.4.2 In accordance with the approved 2014-15 Investment and Treasury Strategy, the County Council has postponed any new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. "Cost of carry" is the difference between interest paid and interest earned on borrowed monies while temporarily held as cash balances until used to fund capital expenditure. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk. By avoiding the "cost of carrying" debt the County Council is currently saving over £3M pa (assuming a net interest rate differential of 3.0%).

3.4.3 At the 31st March 2015, the Council's external borrowing (debt outstanding) totalled £494M (£503M at 31st March 2014). The average life of the Council's debt is 34 years.



3.4.4 Interest paid on external borrowings in 2014-15 was £26M. The average rate of interest was 5.25%.

3.4.5 The debt position at the 31st March 2015 compared to the previous year is shown below:

Actual Borrowing Position	31st March 2014		31st March 2015	
	Principal £M	Rate%	Principle £M	Rate%
Fixed Interest Debt	£461M	5.30%	£452M	5.30%
Variable Interest Debt	£42M	4.75%	£42M	4.75%
Total Debt	**£503M**	**5.25%**	**£494M**	**5.25%**

3.4.6 The County Council maintained its total gross borrowing level within its Authorised Limit of £742M during 2014-15. The Authorised Limit being the ‘affordable borrowing limit’ required by section 3 of the Local Government Act 2003.

3.4.7 The PWLB provides a facility to restructure debt, including early repayment of loans. This can result in net savings in overall interest charges. No early repayments were made in 2014-15 as the current low level of PWLB rates would result in ‘premiums’ being payable. Prevailing PWLB interest rates will be monitored in order to identify future repayment opportunities.

4. Leasing

4.1 In 2014-15 leasing facilities totalling £6.4M were arranged by Capita Asset Services Ltd. Leased assets included Highways vehicles/gritters, upgrades to Library self-service kiosks and a variety of vehicles for Norse Commercial Services under a subleasing arrangement.

Outstanding Deposit Profile @ 31st March 2015 **Appendix 1**

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
Commonwealth Bank of Australia	11-Jul-14	10-Jul-15	0.82	10
				10
DBS Bank Ltd	31-Oct-14	05-May-15	0.70	20
				20
HSBC Bank Group				
HSBC Call Account	Instant Liquidity		0.50*	60.915
				60.915
Lloyds Banking Group				
Lloyds TSB	07-Apr-14	02-Apr-15	0.95	5
Lloyds TSB	11-Apr-14	10-Apr-15	0.95	5
Lloyds TSB	14-Apr-14	13-Apr-15	0.92	25
Lloyds TSB	14-Apr-14	14-May-15	0.93	25
Lloyds TSB	08-May-14	07-May-15	0.95	5
Lloyds TSB	05-Jun-14	04-Jun-15	0.95	5
Lloyds TSB	07-Jul-14	06-Jul-15	0.95	5
Lloyds TSB	07-Jul-14	06-Jul-15	0.95	5
				80
The Norse Group				
NPS Property Consultants	27-Feb-15	08-Apr-15	2.50	1
NPS Property Consultants	19-Mar-15	13-Apr-15	2.50	1
NPS Property Consultants	20-Mar-15	23-Apr-15	2.50	1
				3
Total Deposits				**173.915**

* Latest rate as at 31st March 2015

In addition deposits of £38.082m were held on behalf of other bodies:

Office of the Police and Crime Commissioner for Norfolk, Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd, Norfolk & Suffolk CRC and Independence Matters.

Policy and Resources Committee

Item No 12

Report title:	**Delivering Financial Savings 2015-16**
Date of meeting:	**01 June 2015**
Responsible Chief Officer:	**Peter Timmins - Executive Director of Finance (Interim)**

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 £5.762m 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 £10.452m, of which £4.800m are now forecast to be delivered;
c) the forecast savings shortfall on AMBER rated projects of £0.110m; and
d) the actions being undertaken by Chief Officers to deliver the agreed level of savings.

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 planned for 2015-16 will be 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 (greater than 50%)
Amber	**Some concern** that the saving may not be delivered or there may be a variance in the saving (up to 49%)
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. Ten savings projects have been rated as RED, representing a budgeted total saving of £10.452m. It is currently forecast that only £4.800m of this saving will now be delivered as set out in the following table. This represents a total shortfall of £5.652m, which relates to RED rated projects.

2.5. One project rated AMBER includes a forecast shortfall of £0.110m.

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	-10.452	0.000	-4.800	-5.652		0.000	-4.600	0.000	-0.200	0.000
Amber	-12.862	-22.063	-12.752	-0.110		-8.745	-0.000	-1.900	-0.235	-1.872
Green	-10.880	-11.961	-10.880	0.000		-0.872	-3.305	-1.881	-0.969	-3.853
Blue	-17.167	-17.167	-17.167	0.000		-0.740	-3.156	-1.510	-0.560	-11.201
Gross Savings	-51.361	-51.191	-45.599	-5.762		-10.357	-11.061	-5.291	-1.964	-16.926
Shortfall	**0.000**	**-0.170**	**-5.762**	**n/a**		**0.000**	**-5.335**	**-0.167**	**-0.250**	**-0.110**
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**

2.6. 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 £10.062m to be identified for the three years.

Table 1: Categorisation of Savings 2015-18

	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	-10.165	-13.153	0.000	**-23.318**
Capital	-0.614	-0.727	0.000	**-1.341**
Terms & Conditions	-0.595	-1.102	0.000	**-1.697**
Procurement	-5.067	-0.270	-0.135	**-5.472**
Shared Services	-0.190	-0.305	-2.000	**-2.495**
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	**-24.685**	**-16.925**	**-5.035**	**-46.645**
Reducing Standards	-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	-5.762	-4.300	0.000	**-10.062**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

2.7. 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.

2.8. 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	-0.490	-0.250	-0.005	-0.087	-4.144	**-4.976**
1b Lean	-6.890	-0.200	-0.116	-0.242	-2.717	**-10.165**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.347	**-0.595**
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	0.000	-5.235	-0.167	-0.250	-0.110	**-5.762**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**

3. Commentary on savings rated RED

3.1. Following review, nine savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £5.652m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. <u>COM018 – Review Care Arranging Service – forecast shortfall **£0.140m**:</u> 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. <u>COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall **£0.100m**:</u> A tender for the reprocurement of home care services in West Norfolk and in Yarmouth and Waveney has been advertised. The Greatt 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. <u>GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall **£0.100m**:</u> 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. <u>COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall **£1.000m**:</u> 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. <u>COM033 – Reduce funding for Wellbeing Activities – forecast shortfall **£3.000m**:</u> 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. <u>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**:</u> The HP Sprint has not completed and will produce improved data to influence procurement decisions. This saving will be achieved through further efficiencies in Purchase of Care.

3.1.7. <u>ASC004 – Norse care savings – forecast shortfall **£0.500m**:</u> 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. <u>CMM007 – Income Generation – forecast shortfall **£0.250m**:</u> 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.

4. Commentary on savings rated AMBER

4.1. Following review, one saving rated as AMBER is forecasting a shortfall of £0.110m. Commentary on this AMBER rated saving is provided below.

Policy and Resources

4.1.1. GET015 – Reducing the costs of employment – forecast shortfall **£0.110m**: The Council agreed savings of £0.440m from reducing the cost of employment. However, a scheme to implement this through charging for parking at County Hall was suspended for further consideration and planning. A shortfall of £0.110m has been identified for the year to date, pending agreement on implementation being reached.

5. Summary

5.1. The impact of the latest forecast means that shortfalls totalling £5.235m, £0.250m, £0.167m, and £0.110m have been identified within the Adults, Communities, EDT, and P&R budgets respectively and alternative savings will be required within the relevant Committee budgets.

Officer Contact

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

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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	-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	-0.490	-0.250	-0.005	-0.087	-4.144	**-4.976**
1b Lean	-6.890	-0.200	-0.116	-0.242	-2.717	**-10.165**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.347	**-0.595**
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	0.000	-5.235	-0.167	-0.250	-0.110	**-5.762**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**
Savings 2016-17						
1a Organisation	0.000	0.000	0.000	-0.052	-0.476	**-0.528**
1b Lean	-8.484	-1.500	-0.905	-1.340	-0.924	**-13.153**
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	-0.300	0.000	**-0.305**
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	0.000	-4.300	0.000	0.000	0.000	**-4.300**
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**	**-7.405**	
		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**	**-3.656**	
		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		-0.180	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		-8.140	Amber
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**	**-7.200**	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.310	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			-0.430	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**	**-1.157**	
		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	Amber
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Green
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.296	Amber
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Green
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Amber
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	Green
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		-0.330	Amber
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Green
		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	Amber

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**	**3.887**	
		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	Green
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	Green
		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			-0.020	Green
3b	P&R017	Further reductions in printing spend	-0.090			-0.090	Green
1c	P&R018	Org Change: Reduced ICT spend through single device convergence		-0.625		0.000	NA
1d	P&R019	Reduce expenditure on external venues	-0.100			-0.100	Amber
3a	P&R020	Reduce number of interims and temps	-0.090			-0.090	Green
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	Green
		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**	**-10.173**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.110	
		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	Savings which result in a reduced service for customers.
4b	Cease Service	Savings from the ceasing of a service.
4c	Assumptions under Risk Review	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Glossary and terminology

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage. This is a quick guide to some of the more important terms that we use in Norfolk County Council.

CIPFA — Charted Institute of Public Finance & Accountancy. The organisation sets out best practice for financial accounting in public bodies, including the categorisation of *income & expenditure*.

Cost centres & subjective analysis — All expenditure and income is allocated both a cost centre code and a subjective code.
Cost Centre: A cost centre is an area of the budget to which income and expenditure can be attributed, and generally relates to a service area.
Subjective code: Subjective codes describe types of spend, and are common across the authority.
For example when Aylsham Library buys paper for its photocopier, it is recorded in the accounting system first by the library's unique *cost centre* - LL4800, then by *subjective code* 46500 - 'Printing, stationery and photocopying'.

Council Tax — Council Tax is a key source of locally raised income for the County Council. It helps make up the difference between the amount a local authority needs to

spend and the amount it receives from other sources, such as business rates, government grants and fees and charges.
For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.

Earmarked reserves Earmarked reserves are money held by the Council in reserve for specified reasons. Some reserves can only be used for specific purposes, usually following the receipt of conditional grants which have to be re-paid if not spent for the intended purpose. However, this does not apply to the majority of the council's earmarked reserves.

Finance General The area of the budget that is not directly attributable to a specific department; covering such expenditure as pension fund losses, capital financing costs, and audit fees. It also includes income such as general government grants, business rates income, and interest from investments.

Financial Years The Council's financial year runs from April to March.
Prior to the start of each financial year, the Council produces a balanced budget as part of a three year medium term financial strategy.
During the year, monthly monitoring reports showing forecast outcomes for each service are presented to the Council's Policy and Resources Committee.
At the end of the financial year, closing accounting adjustments are made, and Statutory financial statements are produced, audited, and published in September.

General balances The general balance is money held in reserve by the Council that is not allocated to any specific purpose, i.e. is not part of *earmarked reserves*. The minimum level of general reserves required by the authority to meet unforeseen contingencies is calculated each year, and the balance set aside accordingly.

Medium Term Financial Strategy (MTFS) The Medium Term Financial Strategy covers three years 2015-18 and brings together all of the elements that are considered as part of the robust planning process. The latest MTFS was presented to County Council in February 2015, and included revenue and capital budgets and estimates covering three financial years.

Monitoring and forecasting The Council's finance systems work on monthly cycles. At the end of each month, responsible budget officers throughout the authority are asked to monitor their budgets and provide a forecast showing whether they are likely to over or under-spend against their budget during the year as a whole.
The sum of this information is then considered by senior management, and the resulting net position for each service is summarised in this report.

National non-domestic rates (NNDR) The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government.
Since April 2013, Councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates. The business rates retention scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates.

Net & gross The cumulative total of all planned *revenue* spending for a year is known as the *gross expenditure*. NCC's income comes from a variety of sources - central government grants, customer receipts, locally retained Business Rates (also referred to as National Non Domestic Rates or NNDR). The difference between the income from these sources and the *gross expenditure* is known as *net expenditure*, and is the amount NCC needs to collect in Council Tax each year.

Provisions	A provision is an amount which the authority is likely to have to pay out, but is of uncertain timing and/or amount. The Council's largest provisions relate to insurance and closed land-fill sites. In both cases historic and current data are used to calculate the appropriate provision carried forward each year.
Revenue & capital	Capital and revenue income and expenditure in local government are clearly defined and must be recorded separately. Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as *revenue* expenditure. One-off spending which results in a new asset, or which improves an asset, is classed as *capital* expenditure. Capital grants may only be spent on capital expenditure. Also, income generated by the sale of any assets is classed as a capital receipt, and if not used to re-pay debt may only be spent for capital purposes. A more extensive definition is given in the separate capital monitoring report Income from, for example, the sale of services, revenue grants and business rates is classed as *revenue* income and may be spent for revenue or capital purposes.

Policy and Resources Committee Item No 13

Report title:	**Asset Management Plan – Strategy 2015-18**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

This new Asset Management Plan (AMP) will have significant impact upon the Council in the way it uses property assets to meet service needs and council priorities.

The AMP seeks to make property a catalyst of change by adopting a "Single Estate" approach within NCC and promoting a sharp external focus, for example taking a proactive role in creating a more joined up public sector approach to services and "One Public Estate " programme across Norfolk.

In making property more responsive to the current and future needs of services for suitable accommodation the AMP also heralds a significant change in management arrangements for planning and delivering the substantial property assets held by NCC. Responsibility for all property within NCC is now unified to the newly formed Corporate Property Team (CPT). The formation of CPT is also on the agenda for this meeting.

Strategically this AMP will move the Council into a more pro-active role concerning its property portfolio. It will help make the Council use its estate more efficiently, thereby releasing resources for other purposes. It will support and stimulate community development through its support of localities. It will position the Council as a more commercial operation in relation to property and searching out opportunities to maximise commercial development and exploit latent value.

Executive summary

The operating context for public services is changing due to demographics, rising public expectations and financial pressures. In response the Council is transforming the way it provides and delivers services. In general this will mean a smaller, leaner more flexible organisation working with partners to create a more unified public service based on localities and exemplifying the "one public estate – one public service " ethos.

These changes need to be reflected in the management of the Council's property portfolio to support these developments and at the same time deliver efficiency savings. The pace of change needs to accelerate with more radical changes to the size, nature and distribution of the portfolio if property is to support fully the Council's organisational changes and deliver a 30% reduction in the cost of the non-school property budget.

This Asset Management Plan sets out how a more corporately driven approach to asset management is being implemented to achieve the desired savings and also supports the Council's transformation and locality ambitions. A key part of this change is to embrace a more innovative and commercial approach to the holding and use of property. This will be

facilitated through continued partnership with NPS Property Consultant Ltd who have jointly produced this new AMP together with CPT.

Recommendation

- Policy and Resources Committee approve the Asset Management Plan 2015-2018.

1 Background

NCC along with the wider public sector is undergoing significant changes in the way services are provided and with continuing financial pressures there is greater need for flexibility in the use of assets as well as adopting a more commercial approach to drive efficiencies in the cost of property.

To address these challenges and proactively support the aspirations and goals for integrating public services this AMP has been entirely rewritten and reformatted so that property can play its full part in enabling these changes.

Furthermore the organisational structure for delivery of property services has been radically overhauled with the creation of a new client side management team (the Corporate Property Team).

2 Scope of the Plan

The AMP describes the Council's property portfolio and its organisation and also charts a direction for its future development in order remain aligned with changing business needs.

An analysis of the current portfolio in terms of its suitability, sufficiency and performance forms the starting point for actions to develop the Council's property assets. However to set out the longer term transformational changes required the AMP is guided by the wider national and local context including changes in needs, service strategies, resource availability and corporate priorities of NCC.

This AMP is also focussed on the challenge of delivering the £7.3m of property budget savings that will require working hard and constructively with service directorates to balance the need to support changing service requirements with the need for financial savings.

3. Financial Implications

Policy and Resources Committee will be aware of agreed property budget savings for 2015-18 that amount to around £7.3 million and the AMP is a key means of guiding many of the strategies and actions required to deliver this. For example, the development of a new office strategy for the Council to drive further efficiencies by building on the opportunities afforded as a result of the refurbishment of County Hall and scope for further sharing of accommodation with public sector partners through the one Public Estate programme..

The initial focus has been savings that can be secured more quickly, for example through reduction in FM specifications, efficiency of premises running costs. There is also now a priority on generating income from hiring out space and facilities for private use especially out of hours, for example increasing the hiring out the County Hall Car Park.

To deliver the remainder of the property savings there is a need for a more radical approach to the use, management and sharing of property assets. This will entail looking at how the estate can be viewed as an asset along more commercial lines and exploiting and maximising opportunities for disposal and/or development, either in partnership with others or alone.

To help optimise the use of resources through a Single Estate approach CPT will work with the service directorates and NPS to improve coordination and raise greater awareness of costs and prioritisation. For example a key action is to revise the accommodation recharge to provide greater transparency and accountability for decisions on property consumption and management.

4. Governance, Implementation and Monitoring

The governance arrangements for property are described in the AMP. A new senior officer group, the Corporate Property Strategy Group, will have responsibility for overseeing the future development and monitoring implementation of the AMP by the CPT in conjunction with NPS. Individual projects within the AMP will all have CPT lead officers.

The AMP needs to be viewed as a dynamic guide to action so that as circumstances change the projects within it may need some amendment to reflect changed circumstances and again CPSG will be empowered to agree these revisions where appropriate.

Although the AMP is a three year plan it will be refreshed and reported to Policy & Resources every year with a summary of progress and rolling three year update.

5. Key actions

The Committee will note that the Appendix to the AMP contains a high level three year action plan report. The most significant year one actions can be summarised as:

1. Develop a new NCC Office Strategy to meet changing business needs, for example, the move towards locality service delivery as highlighted in the recent report to Children's Services Committee on 12 May 2015 (Item 12).

2. Implement the Property Savings and Income Plan with a focus in year 1 on driving efficiencies from premises costs and reducing discretionary budgets on a risk base approach. The AMP will also focus on reviewing the portfolio to seek opportunities for reducing the portfolio in the medium term to contribute to the Savings Plan in Years 2 onwards.

3. Support One Public Estate – through the Norfolk Asset Management Forum promote and mobilise locality reviews, develop a Norwich Office Strategy and support co-location proposals for health/social care and emergency services.

4. Develop a five year Property Disposals Programme to create opportunities for diversifying the methods of property sales to widen the scope for a more commercial approach to property developments whilst continuing to meet the requirements for a flow of capital receipts to support the Capital Programme.

5. Implement the Corporate Landlord model to develop a "Single Estate" approach to maintain NCC as a "Well Run Council". This will include developing a unified approach to property decisions, commissioning of property services improving transparency in property costs charged to services to enable the end user to better understand the cost of consumption as well as provide better corporate oversight.

6. Issues, risks and innovation

6.1 Legal Implications:

Changes to property the property portfolio, such as acquisitions, disposals, improvements and occupation will have specific legal and contractual implications.

6.2 **Human Rights**: None.

6.3 Equality Impact Assessment (EqIA)

In implementing changes to the accommodation such as relocation of service points, changes to workplace and carrying out property projects generally the impact of these on all classes of users and stakeholders will be carried out together with appropriate consultations.

6.4 **Communications:** None.

6.5 **Health and Safety Implications**: The site is currently secure and at minimal risk of unauthorised occupation.

6.6 **Personnel:** None

Officer Contact

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

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Norfolk County Council

One Public Service – One Public Estate

Asset Management Plan 2015-18

Norfolk County Council

nps group

This Asset Management Plan is not a static document but is part of a process designed to engage Members and officers in a debate about the nature of and future direction for the management of the County Council's property portfolio. It is intended to promote a common understanding of property and to set a direction for its management over the medium term.

Contents

Foreword

Local government is re-inventing itself with the whole process of democracy, accountability and service delivery changing. Central to this transformation is the concept of sustainable communities – communities which are vibrant and self-sustaining places in which to live and work. This needs to be supported by service integration with partners working together to create a unified approach to service delivery so as to create “**one public service**”. Underpinning and driving this transformation in an era of scarce public finance is the need for better resource efficiency.

Physical infrastructure is an important part of community and place shaping and properties which the Council owns and uses must make a contribution to creating such sustainable communities and promoting service integration within the county. This presents the Council with the challenge of critically examining its asset base to ensure that it is optimised in terms of our aspirations, resource efficiency, ability to support joint working and the contribution it makes to supporting community needs. Increasingly therefore property needs to be planned and provided on a cross agency basis as exemplified in the “**one public estate**” approach.

These twin themes of ***One Public Service – One Public Estate*** are at the heart of this Asset Management Plan. As a key resource of the Council property has value, costs money to use and maintain, and is a critical component in supporting service delivery. The Council has a vision to improve the economic, environmental and social wellbeing for the people within the county and to provide services through a ‘locality’ based model. To realise this vision it must radically alter its approach to the management of the property portfolio so that it is used as a catalyst for service transformation, local community vibrancy and cost reduction.

At the same time the Council’s property service has a very challenging savings target to deliver which is equivalent to reducing the spend on property by more than a third (excluding schools). This further increases the need for a new and more innovative approach, the implementation of a range of efficiency initiatives and a more commercial approach over the life of this Asset Management Plan. This will all require a new and re-invigorated partnership with our strategic property services provider (NPS) and a more stringent challenge to the need to retain individual properties and their performance. It will also require greater innovation to release any existing latent value in the estate and to support the creation of locality based, multi-agency service access points.

Cllr. Daniel Roper
Vice Chairman of Policy and Resources Committee and Deputy Leader of County Council

Dinesh Kotecha
Assistant Director, Property (Interim)

1 Executive Summary

The operating context for public services is changing. These changes are driven by factors such as demographics, rising public expectations and in particular financial pressures. This changing context is promoting a transformation in how and where services are provided.

The Council is developing its response to these drivers and is exploring new welfare models of service delivery which are locality based and grounded in communities. The exact nature of this revised service delivery model is still evolving but the broad elements are understood. This means a smaller, leaner and more flexible organisation working with partners to create a more unified public service based on localities each of which match service and facilities to the pattern of service need.

These changes need to be reflected in the management of the Council's property portfolio. The portfolio needs to respond to and help articulate these developments and at the same time deliver efficiency savings. Whereas in the past changes in the portfolio have been incremental in the future the pace of change needs to accelerate with a requirement for more radical changes in the size, nature and distribution of the portfolio. The cost of the Council owning and occupying property needs to fall substantially to contribute to the overall revenue reduction targets of the Council. A target of achieving a circa 30% reduction (equating to some £7.3m) in the operating costs of the non-schools portfolio within the next three years has been set.

This will require a new more corporately driven approach to asset management to achieve the scale of these savings and to reshape the portfolio to support the Council's transformation and locality ambitions. Property will need to be used as a catalyst of service transformation, cost reduction and community vibrancy. The nature and pace of this change will also require changes to the governance, processes, capacity and culture of NCC and its strategic partner (NPS) in order to support its implementation.

Perhaps the most significant change required is to embrace a more innovative and commercial approach with a re-invigorated strategic partnership capable of delivering radical change in a short time. In the medium term this will lead in a change to the Council portfolio so that is has fewer buildings. Those that remain will be need to be more flexible, well matched to service requirements, well maintained and welcoming to staff and clients and will need to be more intensively used and often a shared use basis with other agencies.

2 Introduction

2.1 Purpose & Scope of the AMP

Property is a key resource of the Council. It has value, costs money to use and maintain, and is critical in supporting service delivery. The Council has a vision to improve the economic and social wellbeing for the people of Norfolk. To realise this vision the Council's property portfolio must be managed so it acts as a catalyst for service improvement and community prosperity whilst also ensuring value for money. This Asset Management Plan (AMP) identifies the key strategic policy and resource influences affecting Norfolk and the Council and in response sets a direction for asset management over the medium term, enabling its property portfolio (and associated professional support) to be optimised to meet identified needs. The plan has a medium-term planning horizon, will be updated periodically and is restricted to consideration of the property assets that the Council owns or uses.

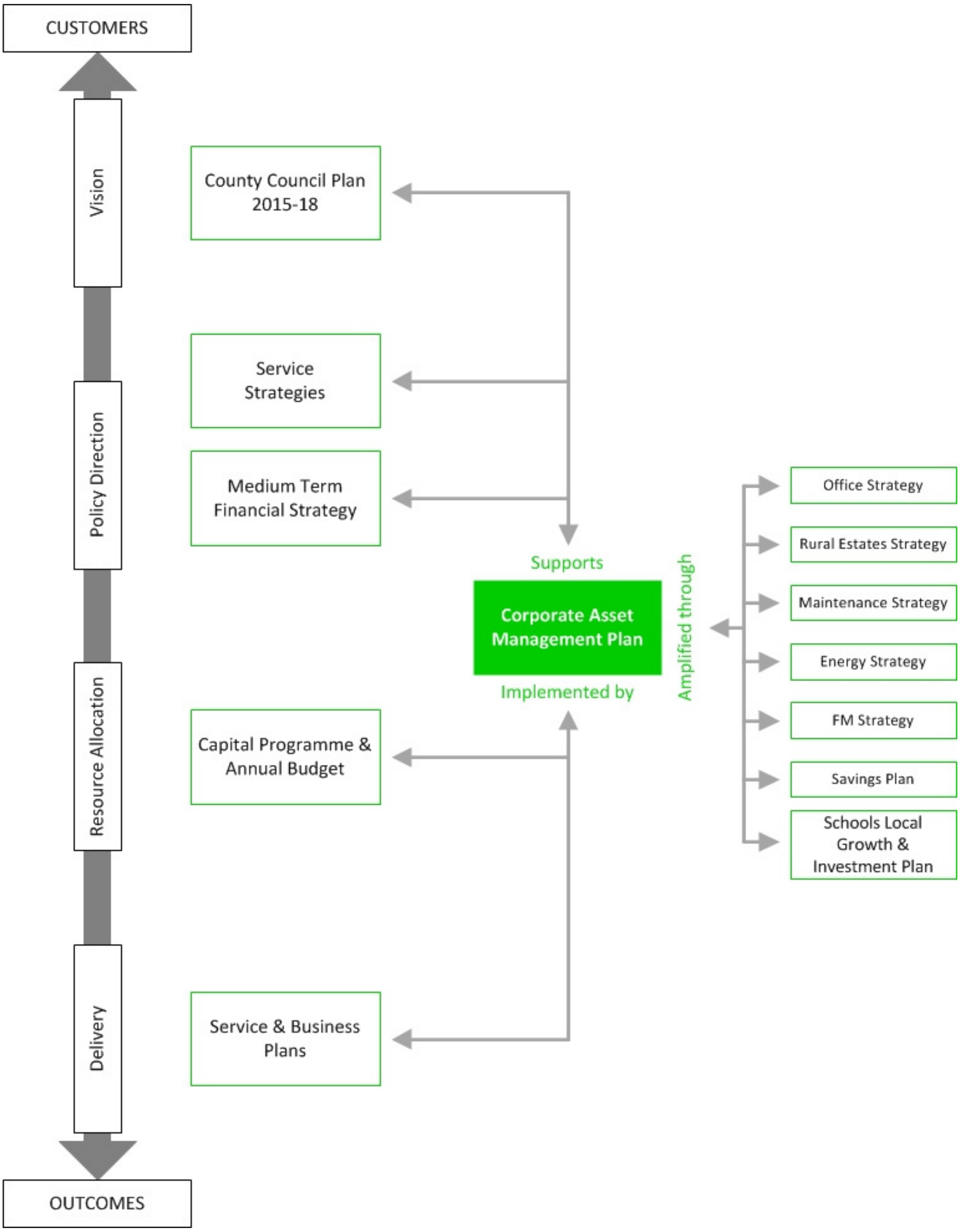
2.2 The Importance of Asset Management

The Council places strong emphasis on the role of asset management in improving public services. Property can have a major influence in delivering better outcomes for citizens and in creating a sense of place. Where properties are located and how properties are used can be critical to prosperity and the quality of public services. Public sector performance and confidence in public services are inextricably linked, and property underpins this linkage. This link between property and effective local services is summarised below.

Customer Perception	Buildings can engender confidence that an organisation is capable & professional and influences customers' experience
Access to Services	The physical location and design of buildings can improve accessibility to services
Staff Motivation	A good work environment can motivate staff and sends a message that staff matter
Efficiency	Good asset management ensures space is used effectively, that costs are minimised and that resources are released for corporate and service priorities
Regeneration	Management of investment in Council's assets can facilitate regeneration

2.3 Links to Other Plans

The corporate asset management plan does not exist in isolation. It is closely linked to the County Council Plan, the Medium Term Financial Strategy and the Council's corporate and service strategies. The AMP itself is amplified through other property policies and strategies. Finally the AMP is both internally and externally facing. Whilst it reflects and supports the county Council's plans these are themselves related to those of partner agencies in Norfolk and beyond.



3 Overview of Norfolk

3.1 The Locality

Norfolk is England's fifth largest county with a growing but sparsely distributed population. Outside the main urban areas of Norwich, Great Yarmouth and King's Lynn it is rural in character. The county covers over 5,370 square kilometres and at the time of the 2011 census was home to over 857,900 people (an increase 0f 61,200 from 2001). Currently 29% of the population is aged over 65. This is higher than the national average and Norfolk is the third highest of all local authorities in England and Wales for those over 65. All local authorities in the County increased in population between 2001 and 2011; the highest being South Norfolk (which gained 13,300) and King’s Lynn & West Norfolk (12,200). The lowest increase was in North Norfolk (3,100). In the index of multiple deprivation Norfolk is placed in a mid-position for all local authorities and Broadlands is one of the least deprived Council areas in the country. However this broad picture masks pockets of deprivation with the most deprived areas being Great Yarmouth and parts of Norwich. Norfolk has reached an important point in its economic, social and environmental development with the county earmarked for major housing growth of up to 79,500 to 2031 under the Regional Spatial Strategy.

3.2 The Council

The County Council has 84 elected members, each representing an electoral division of approximately 10,000 voters. The Council is elected once every 4 years and at the 2013 election there was no overall control. Decision-making is made through a committee system with committees for each of the main service areas and one for Policy and Resources. All 84 members of the County Council meet seven times a year in public to set the annual budget; determine policy; approve the Constitution and any changes to it and discuss motions put forward by members of the Council. The Council has a designated Member Lead for Property for property and asset management who is the Vice Chairman of Policy and Resources Committee. Currently this is Councillor David Harrison.

At the end of 2014 the Full Council accepted a proposal for a new senior management team for the Council and to establish five Departments. These are three Service Departments (Children’s, Adults, and Community and Environmental) plus a Resources and Finance Department each with an Executive Director reporting directly to the Council’s overall Managing Director. Property matters are reported to the Policy &

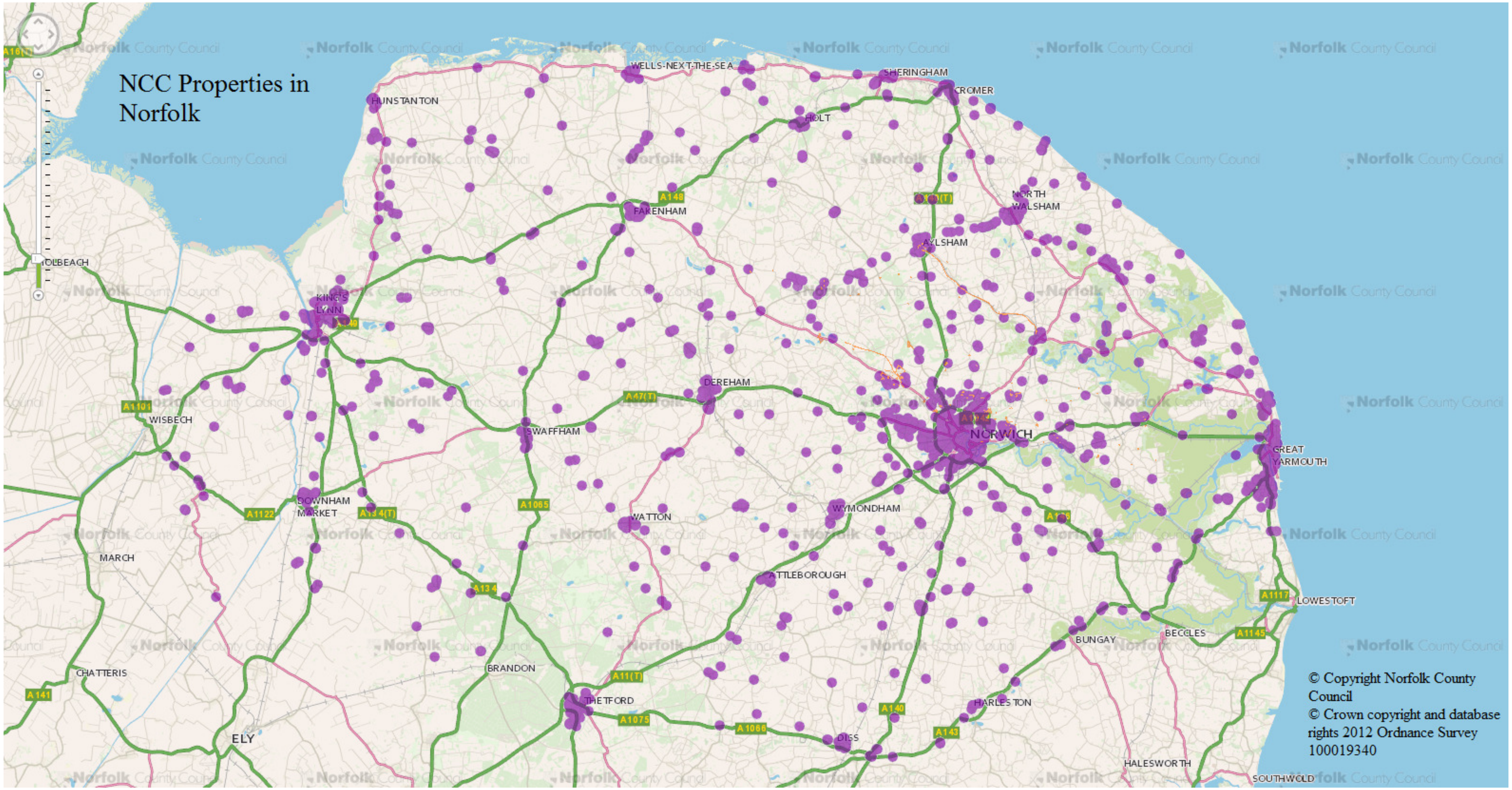
Resources Committee through the Executive Director of Finance. This streamlining of the Council departmental and officer structure is designed to provide more effective leadership with the capacity to adapt to a constantly changing context. Through this revised departmental structure there is a greater focus placed on service delivery, performance through partnerships and connecting Members, managers, front-line services, customers and residents.

3.3 The Property Portfolio

The County Council owns a large and diverse property portfolio. If not the largest, the Council is one of the largest property owners in the county. These properties are held principally in support of direct service provision (operational buildings) but there are some properties held for administrative purposes (offices) and also investment properties (held primarily to generate income for the Council). Basic dimensions of the portfolio are provided below and these are amplified through Section 5. The value of the property portfolio given below is based on current use of those assets and represents a value for accounting purpose rather than the value that might be realised from sales.

Total Number of Properties			
1225			
Value	**Cost**	**Income**	**Condition**
£716M For capital accounting	£55.4M Annual running Costs	£5.7M Generated from lettings	£63.3M Estimated repair backlog

Note: figures are for 2013/14


NCC Properties in Norfolk
HUNSTANTON
WELLS-NEXT-THE-SEA
SHERINGHAM
CROMER
HOLT
FAKENHAM
NORTH WALSHAM
AYLSHAM
KING'S LYNN
HOLBEACH
WISBECH
DEREHAM
SWAFFHAM
NORWICH
GREAT YARMOUTH
DOWNHAM MARKET
WATTON
WYMONDHAM
MARCH
ATTLEBOROUGH
LOWESTOFT
BECCLES
BUNGAY
CHATTERIS
BRANDON
THETFORD
HARLESTON
DISS
ELY
HALESWORTH
SOUTHWOLD
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4 Strategic Context

There are a range of influences that are driving change in the county and to which the Council must respond through its portfolio management. These can be recognised at both a national and regional level and also at a local level through the Council's own policies and initiatives.

4.1 Influences for Change

National

In the medium term the national context is shaped by significant national debt which needs to be reduced. This means an era of public spending constraint and a drive for efficiency savings to encourage better use of limited financial resources. This emphasis on efficiency allied with rising public expectations of Council services implies a need for public service transformation and a focus on exploring new ways of delivering services. An implicit assumption through public spending reviews is that property will contribute to efficiency savings through capital receipts from disposals or reduced running costs. There is also a policy drive to promote sustainable communities with an aspiration to create vibrant areas, which are attractive places, to live, work and play. Part of this is concerned with encouraging citizen participation (Small State - Big Society) and place shaping which is the Council and community collectively articulating a new vision for the character of the area.

The localism agenda is concerned with decentralisation – moving power, money and knowledge from central government towards individuals, communities and Councils. It is intended to lift the burden of bureaucracy by removing unnecessary regulation; empower communities by creating rights for people to get involved with delivery of public services; diversify public service supply by 'ending public sector monopolies'; open government to public scrutiny by releasing more information into the public domain and strengthen local accountability by empowering people to change their services. Voluntary groups, social enterprises, parish Councils and others have a 'community right to challenge' local authorities over their services and in future could compete to provide services. New rights mean communities can ask Councils to list certain assets as being of value to the community. If a listed asset comes up for sale communities have the right to bid to buy it.

There is a strong drive for partnership working. At a national level this is seen as both a policy and resource imperative exemplified through the One Public Estate initiative which is focussed on managing collective public property assets in an area as a single portfolio. Norfolk and Suffolk jointly has been selected as a pilot area for the Government's One Public Estate initiative with Norfolk County Council taking a lead in co-ordinating public bodies in the county. The broad aims of the one public estate initiative are to generate receipts, reduce running costs and liabilities, and promote growth and housing and the more optimal use of assets through co-location and sharing arrangements. This pilot work (see later) will therefore directly encourage integrated service delivery, the sharing of resources like property and improved resource efficiency through lowering costs or releasing capital.

Regional

Norfolk, along with Suffolk, is part of the New Anglia Local Enterprise Partnership (LEP). Working with public agencies and private business the LEP seeks to promote the regional economy through job creation. Both Norfolk and Suffolk are leaders in life sciences, food and agriculture and an emerging force in the development of the green economy with the LEP chosen as the government's Green Economy Pathfinder. Key priorities for the LEP are around the green economy, developing tourism and skills development.

These priorities are set against the background of a need to update and review all the local plans (bar Great Yarmouth BC's which will follow later) across Norfolk over the next two years. The duty to co-operate in their development will facilitate a strategic framework for the County which will outline the need for housing and its distribution, strategic highway needs and economic development. The emphasis will be on jobs and growth and how to deliver it with some reliance on initiatives such as the enterprise zone in Great Yarmouth and the Norwich City Deal.

Critical to the LEP's ambitions for jobs growth is the need for infrastructure and skills. The Better Broadband for Norfolk (BBfN) programme has been extended and this will in the future allow 90% of Norfolk premises to have fibre broadband connection and this will provide an important stimulus to the rural economy. Further investment will be required to help Norfolk meet the Government's national target of making high-speed connectivity available to 95% of UK homes and business by the end of 2017. A growing economy also needs to be a 'mobile' economy with improved transport links. Improved dualling of the A11 and proposed investment in the Eastern Main Line infrastructure and rolling stock will help to improve the county's access. Within Norfolk regional policy direction is to promote Norwich as a cultural, retail and economic centre and the Greater Norwich Growth Centre is anticipated to see 3500 new homes before 2026.

4.2 Corporate & Council-Wide Initiatives

The Council recognises that in meeting its aspirations for the community it serves it too has to change. These changes need to improve value for money in services and promote prosperity across the county. There are a range of corporate and service aspirations to which the Council's property portfolio must respond in terms of its size, nature and management. The most significant of these are highlighted briefly below.

'Putting People First' – The Council has established four key overall "putting people first" priorities identified through consultation on the role of the Council and required budgets savings. These priorities are:

> ***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 talents and ability to compete with the best.*
>
> ***Real jobs***
> *We will promote employment that offers security, opportunities and a good level of pay. We want real sustainable jobs available throughout Norfolk.*
>
> ***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.*
>
> ***Quality of life***
> *We will work to improve and safeguard the quality of life for all the people of Norfolk and particularly Norfolk's most vulnerable people*.

- ***Council Service Delivery Model*** – In response to the influences identified above, the Council's own service priorities and budget pressures the Council is re-designing its operational and service delivery model. The exact nature and pace of this change is yet to be confirmed but the broad elements of a revised operating model can be defined. These include improved use of scarce resources (money, people and property) through streamlined internal processes; integrated service delivery with other public bodies and a strong emphasis on locality. In the future the Council will be smaller – with less directly employed staff and less buildings. Services will be increasingly e-enabled and delivered with partner agencies. The Council will position itself as a leaner, 'fit for purpose' organisation more flexible to change but responsive and welcoming to clients. With severe resource pressures the Council will face stark choices over the amount of space it can own with implications for its own property portfolio.

- ***Localities*** – a number of Council services organise themselves to deliver on an area basis. These areas differ service by service and are dependent on the particular operational needs, and often relate to other wider partners. As part of its revised operating model the Council is developing a locality approach to service delivery in order to promote better service integration mapped to the geographical demand for services, the services of partner agencies and the settlement hierarchy. Whilst there is no policy driver to have common boundaries for all services, there will be an opportunity to identify the mix of services and facilities to be provided in 'hubs' at different levels within the settlement hierarchy.

- ***Flexible Working*** – Part of the revised operating model will be wider adoption of flexible working. This is designed to facilitate changes to the way in which staff work supporting more flexible working using ICT, electronic documentation, Wi-Fi, video conferencing and remote connectivity. It will mean a need for less office space; promote co-location of services and allow collaborative working within the Council and across partner organisations. Less time spent travelling, reduced duplication and improved business continuity from flexibility will ensure better use of resources as well as promoting an improved working environment for staff.

- ***Digital Norfolk Ambition*** – Innovation and technology are important priorities in improving communication, intelligence, customer access and supporting client self-serve. Working in partnership with other agencies needs to be underpinned by effective information sharing. Digital Norfolk Ambition (DNA) is the catalyst to support public service reform and in creating a more customer focussed organisation. Two strands of DNA are focussed on 'rewiring public services' to promote citizens at the centre of public service delivery and 'becoming smarter' which is predicated on better information sharing and better use of knowledge to improve commissioning and service provision. Whilst the full implications of this for the Council's property asset base are not yet fully worked through the likelihood is that the Council will need fewer and possibly different buildings as services and customer contact become more fully e-enabled.

- ***One Public Estate -*** Norfolk County Council in conjunction with other public bodies in the counties of Norfolk and Suffolk submitted a joint bid to be a pilot project under the government's One Public Estate Programme. The successful bid means that the county Council will need to provide a stronger focus on collaborative asset management with an emphasis on shared asset use and a challenging review and rationalisation of the public estate on a multi-agency basis. Key priorities for Norfolk defined through the successful bid include:

- Quantifying and mapping the collective public portfolio
- Creating an office accommodation strategy for the public sector in Norwich
- Intensification of use of existing multi-agency site at Shrublands, Gorleston
- Developing combined emergency service facilities
- Developing a shared use model for health and social care

- **Customer Contact Strategy -** The Council's contact strategy is to facilitate a 'managed' rather than 'demand led' service and to give clients multiple channels of choice so they can access services at a time and manner of their own choosing. In terms of overall resource efficiency the preference is for promoting self-service through internet as a first choice, followed by phone and then face to face contact. There is also recognition of the need to support the most vulnerable in the community through assisted self-service and recognition that the rural nature of the county also has implications for customer access.

- ***Sustainability*** - Norfolk County Council is one of the top performing organisations among over 2,000 nationally participating in the Carbon Reduction Commitment (CRC) scheme. The Council is ranked 25th out of 2,097 participants overall, and 13th in the public sector. The Council has a strong commitment to carbon reduction and has worked with NPS to deliver a programme of installing solar photovoltaic facilities on Council buildings, of providing biomass boilers, promoting use of energy efficient lighting and improved heating and light control systems. The Council wishes to sustain its progress in carbon reduction and this will have implications for how the Council manages its property portfolios.

4.3 Service Strategies

There are also a number of service strategies to which the asset management plan needs to respond. For those services areas which have property assets a brief 'medium term' pen picture of the service asset strategy is presented in Appendix A along with any likely property implications. This appendix is organised by service and / or asset type for the following;

- Adult Education Services
- Adult Social Care
- Children's Services

- Fire & Rescue
- Registrars
- Libraries
- Museums
- Offices
- Economic Development
- Car Parking – Park & Ride
- Waste Management
- Highways Depots
- Land holdings (Highways)

4.4 Resource Context

The Government's 2014 Autumn Statement signalled a continuing need for public expenditure constraints and a prolonged era of pressure on public funding. The Council is therefore facing significant budget pressures over the medium term. It is anticipated that the Council needs to save in the region of £110m of gross revenue expenditure over the next three years and this coupled with limited capital resources implies the need for radical changes to secure financial savings. The Council is responding to these pressures through its transformation programme; internally by streamlining its business process and organisation, and externally by seeking to join-up service delivery with partner agencies. In broad terms the budget pressures make it imperative that more needs to be done for less and differently.

The Council faces a stark choice between services, staff and space. This will require a review of how, when and where services are provided. Property is expected to contribute to the required revenue savings with initial proposals for rationalisation anticipated to secure net revenue savings of over £7m in the base budget over the medium term (3 years). These revenue savings will come for example from greater prioritisation of the maintenance budgets, reductions in the office portfolio and increased supply side efficiencies facilitated by a new Corporate Property Team.

In terms of income the Council sets annual capital receipts targets and these are typically in the range of £4m to £10m per annum. 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. In summary responding to budget pressures the emphasis through asset management needs to be directed towards revenue budget support (reducing revenue costs of the operational portfolio or exploiting latent value in the portfolio).

4.5 Strategic Response

The planning context outlined above implies a revised direction for asset management focussed on ***using property as a catalyst for service transformation, local community vibrancy, financial efficiency and generating income to support priorities***. In the future asset management needs to:-

- Help create a sense of place and neighbourhood vibrancy through optimising the spatial distribution of assets to support the Council's strategy for localities. – *This means identifying which assets can support multi-agency use and what mix of assets are required at different settlements across the county.*

- Adopt a robust approach to allocation of scarce capital with investment directed to supporting Council priorities and to assets with the greatest need / likely benefit. – *This means 'invest to save' to release the value of property or directing spend on assets which are considered 'core' assets which will be retained over the long term.*

- Lower the operating costs of property through release of unwanted or poorly performing assets and through rationalisation of the portfolio. – *This means reviewing existing properties to dispose of those that are costly and targeting discretional elements of property spend, such as energy, to lower overall costs.*

- Support the provision of seamless, integrated access to public services through joint working with partner agencies to create multi-agency service facilities. – *This means creating multi-use 'hub' properties which can support public service delivery through a single point; where possible using existing facilities that are well positioned and able to support more flexible use.*

- Identify and exploit the latent value of the estate with emphasis on where sites can be more intensively used or where there are opportunities to generate income / value from alternative uses (commercial and residential) can be realised. – *This means identifying sites which are under-utilised and with development potential & bringing forward options for alternative use and / or development.*

- Minimise the future liabilities of the Council from reducing the maintenance liabilities of the portfolio and lowering the overall carbon footprint. – *This means releasing* *buildings which are poorly performing in terms of CO2 emissions or which are expensive to maintain unless they are critical to service delivery and retro-fitting buildings to improve their sustainability.*

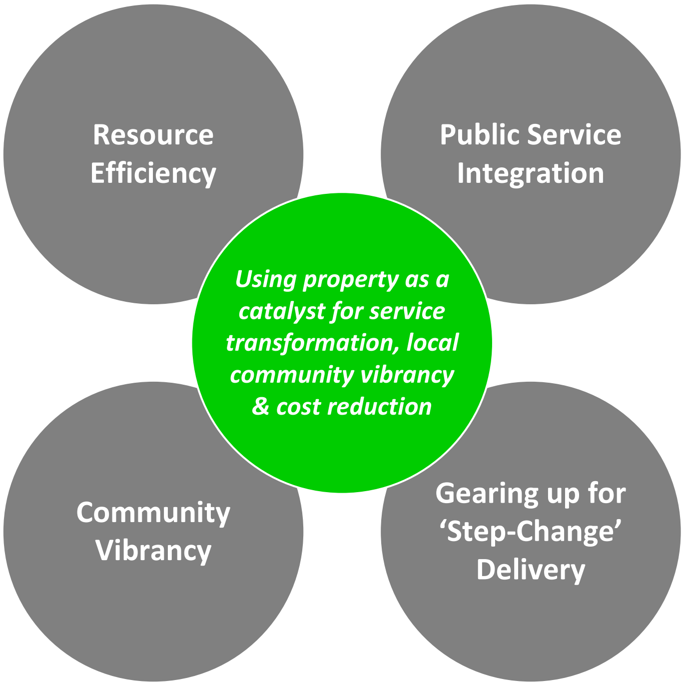
- Adopt a strong corporate landlord model of property management so that opportunities in the portfolio are considered on a strategic, cross-service basis. – *This means adopting a more corporate approach to property with the centralisation of property budgets and establishing appropriate governance arrangements so that the portfolio is managed on a more strategic basis.*

The nature of the financial pressures facing the Council and the target savings for property means that the nature of the changes to the portfolio will need to be radical rather than incremental and implemented over a relatively short timescale of 2 to 3 years. This more radical approach will require strong corporate direction in order to drive out potential savings and may also require a greater risk and reward mechanism to incentivise NPS as the Council's strategic property partner to improve the commercial exploitation of existing sites. Over time this will support a change in the size and nature of the portfolio to one which has less property, has more welcoming and flexible accommodation, blends public and commercial use and increases options for reductions in net property costs.

EXISTING PORTFOLIO	FUTURE PORTFOLIO
Many small buildings	Fewer larger buildings
Old buildings in a poor condition	Newer buildings – well maintained
Buildings poorly used	Buildings intensively used
Negative service image from condition	More welcoming buildings
Predominantly in single use	Buildings supporting many uses
Physical form outlasting functional use	Flexible buildings changing with use
Energy inefficient buildings	Energy efficient / sustainable buildings
Buildings not always optimally located	Located to optimise access & regeneration
Many buildings in predominantly single use and under-used	**Fewer buildings, many in shared use and all intensively used**

4.6 Key Themes

This future direction for asset management is underpinned by four broad themes around which future action and resources need to be coordinated and focused. These themes are briefly amplified below:-



Resource Efficiency – with the Council facing significant medium term revenue budget pressures it is imperative that the property portfolio is optimised in terms of its operating costs. Property will be expected to contribute to the Council's revenue savings targets. To do this it will be necessary to review the portfolio to assess buildings in terms of their need, cost and performance. This may require a different approach for different types of assets (operational, administrative and investment). There is a need for a specific focus on the administrative portfolio and the use of agile working to release space on sites where latent value has not yet been exploited.

Public Service Integration – Integration is at the core of public service transformation and the Council's priority of supporting localities. Integration is both a policy and resource imperative. The benefits in terms of both service improvement and cost reduction are well understood. The Council needs to review its assets base (in conjunction with partner organisations) to promote shared assets use, to rationalise property holdings to reduce operating costs and to create modern joint facilities which are capable of supporting multiple uses and multiple agencies and which can also contribute to rural vibrancy.

Community Vibrancy - Access to well located, well designed public property assets can play an important part in supporting community vibrancy. For example community assets such as libraries, village halls, schools, health centres, parks, leisure centres play a vital role in creating a sense of place and identity and hence encourage cohesive, vibrant communities. The Council as one of the major owners of public assets will need to examine what type of assets localities need and ensure a sensible distribution of assets across the county that balances the need for communities to have access to local facilities with an efficient and economic pattern of service delivery. Furthermore the location of assets can also act as stimulus to a community's economic well-being as people tend to spend money where they live, work and spend time. This may be particularly important in areas of deprivation.

Gearing up for 'Step-Change' Delivery – The nature and pace of change to the portfolio implied through the context and response above also requires change to the governance, processes, capacity and culture of NCC and its strategic partner (NPS) in order to support its implementation. Perhaps the most significant change required is to embrace a more innovative and commercial approach with a re-invigorated strategic partnership capable of delivering radical change in a short time.

4.7 Making it Happen - A Framework for Action

Looking forward there are a number of actions required to respond to the challenges identified above. An action plan is presented at Appendix C. The resource implications and detailed timing of these actions will be identified in conjunction with NPS as part of the Service Plan for the Corporate Property Team. Given the Council's resource constraints it will need to determine the relative priority of each action, the risk of not undertaking it and the potential scale of benefits which will be delivered.

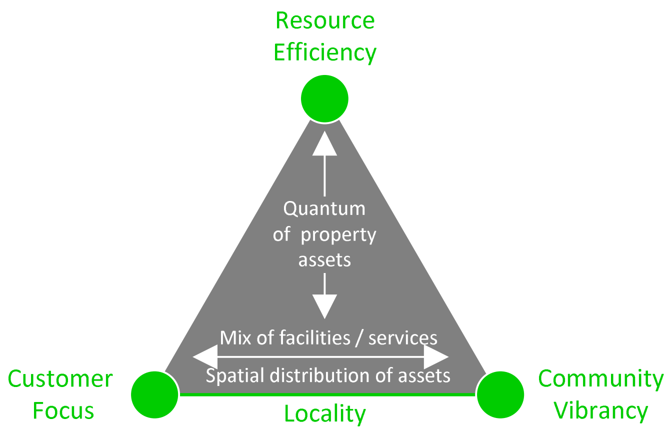
To meet changing business needs and to continue delivering the targets of the Property Transformation Programme the AMP Work Plan for the first year has prioritised the following key actions;

1. Property Savings Plan - implement Year 1 actions.
2. Support One Public Estate – through the Norfolk Asset Management Forum promote and mobilise locality reviews, develop a Norwich Office Strategy and support co-location proposals for health/social care and emergency services.
3. Develop a new NCC Office Strategy to meet changing business needs (for example the move towards locality service delivery) and identify rationalisation opportunities to meet budget saving targets.
4. Implement the Corporate Landlord model to develop a "Single Estate" approach to maintain NCC as a "Well Run Council".

4.8 Implementation Approach & Risks

In implementing the strategy there are two specific issues that require careful consideration. These are:-

- ***Optimising balance between resource efficiency & community vibrancy*** – There is a potential tension in the response identified above. The drive for resource efficiency tends towards a predisposition to fewer properties; whereas community vibrancy and customer focus (ease of access) tends towards more assets. Asset management has a strong role to play in supporting the Council's 'locality' operating model in identifying the quantity of property assets required, the spatial distribution of these properties and the mix of facilities / services required at settlements of different sizes across the county. This spatial distribution also needs to be mapped against service demands and deprivation. It will be a key task of the Corporate Property Team to arrive at the "right" balance for the Council and to ensure that the links with partner agencies and appropriate co-location opportunities are seized so that customer access and community vibrancy is achieved alongside resource efficiency.



- ***Supporting Radical Portfolio Changes*** – A key issue facing the Council is the need for radical portfolio changes in order to secure significant property savings over a relatively short elapsed time frame. This will require an approach which can reduce the size and nature of the NCC portfolio and / or enhance its value through more commercial exploitation of existing sites. There is therefore a need to 'change the focus of action' towards both reducing the cost of owning & occupying the portfolio and to exploiting any latent value where the 'hidden value' of the portfolio may not yet have been exploited. This approach will require both a more robust challenge to the need for and cost of property and a more entrepreneurial approach to bring forward options to exploit sites which are under-utilised.

Influences

NATIONAL

- Public Sector Spending Constraints
- Public Service Reform
- Socio-economic & Demographic Changes
- Sustainable Communities ' place shaping
- Localism & decentralisation
- Partnership Working

REGIONAL

- Jobs Growth
- Infrastructures & Skills
- Green Economy
- Tourism

Anglia Local Enterprise Partnerships LEP)

LOCAL (Corporate & Council Wide)

- Lean council
- Revised service delivery model
- Strong 'locality' focus
- Agile working through Norfolk 'work-style'
- Sustainability – lower carbon footprint
- Partnership working - One Public Estate

Implications

EXISTING PORTFOLIO

Many buildings in predominantly single uses and under utilised

Using property as a catalyst for service transformation. Local community vibrancy & cost reduction

FUTURE PORTFOLIO

Fewer buildings, many in shared use and more intensively used

Response

Resource Efficiency

Operating in a 'lean' manner with streamlined processes to ensure scarce financial resources promote value for money and optimise outcomes. There will be a need to critically examine the need for, cost and performance of the property portfolio to reduce overall operating costs of property.

Public Service Integration

Working with partner agencies to promote easy and seamless access to improved public services with a strong customer focus. There will be a need to encourage joint-use facilities and assets sharing coupled with the rationalisation of existing property holdings on a multiagency basis.

Community Vibrancy

Supporting local community vibrancy (prosperity, cohesion & identity). through the spatial distribution of assets. The location, design and use of assets can play a part in promoting the economic well-being of an area. There will be a need to examine what type of assets are needed within the settlement hierarchy.

Gearing-up for 'Step-Change' in Delivery

Securing radical changes in the portfolio over a short elapsed time will require a revised approach to portfolio management. Governance, processes, capacity and approach may all need to change to promote an innovative, delivery focussed culture across a re-invigorated strategic partnership between NCC and NPS.

5.0 The Property Portfolio

5.1 Overview of the Portfolio

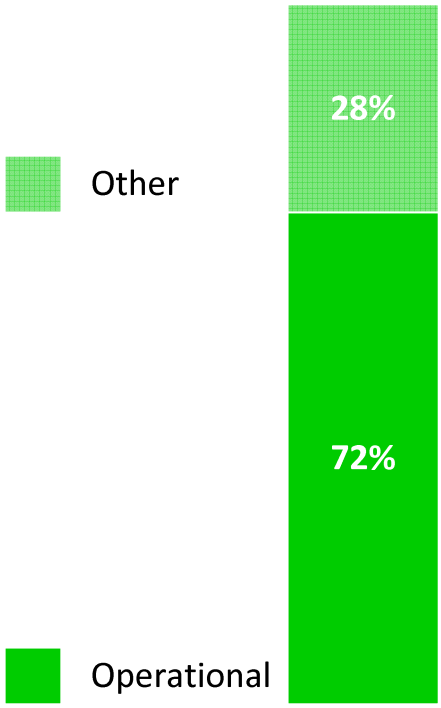
The Council has a diverse property portfolio spread throughout the county. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold. The broad dimensions of the portfolio (shown in the diagram overleaf) are:-

- The portfolio comprises 1225 properties
- Is worth £716M in terms of book value
- Has running costs of £55.4M per annum which is 4.5% of the Council's gross spend

5.2 Tenure & Use

The Council's property portfolio is predominantly in freehold ownership. Leasehold buildings are a charge against the Council's revenue budget and whilst they can be a flexible option over the short term there is a need to continually assess the tenure mix to ensure an appropriate balance between cost and need.

Note: Data is based on building / site numbers rather than area and 'other' includes leasehold; mixed tenure; user rights; easements and unknown.



Note: These figures are indicative only as they draw on a range of data sources from different time periods. They should not be taken as a definitive statement but are are intended to indicate the broad dimensions of the portfolio. All financial figures are in £000s

Value

Asset Value	£716.0M

(for capital accounting purposes – The Operational portfolio excl. academies is £679.9M.

Asset Value

Operational

Land & buildings	£679.9*M

** This excludes the County Farm Estate (£44.0M) and surplus assets pending disposal)*

Non-Operational

Investment portfolio	£10.1M

Property Use

Primary Schools	345
Secondary Schools	42
Special Schools	11
Children Centres	36
Libraries	47
Fire Stations	42
Museuems	13
Office & Admin. Buildings	68
Landfill Sites	26

Excluding academies

Cost

Annual Running Costs	£55.4M

Annual Running Costs

Rates	£10.0M
Energy	£9.2M
Rent	£3.6M
Buildings maintenance	£23.0M
Water	£1.4M
Other	£8.2M

Size

No. of Assets	1225

Portfolio Mix

Tenure 72% (Freehold)	Size 78% (< 500M^2)
Age 64% (> 20 years)	Use 84% (Operational)

Income

Annual Income	£5.8M

Liabilities

Repair Backlog	£63.3M

Repair Backlog

Urgent	£3.0M
Essential	£19.8M
Desirable	£40.5M

Sustainability

Annual CO_2 emissions in tonnes (excl academies)	44,662

The Council & the Area

Annual Spend	£1,228M
Population of area	857,900

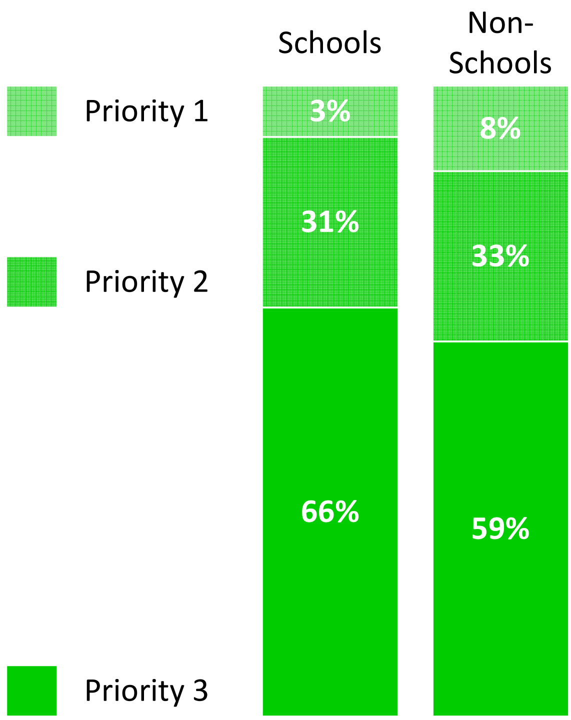
Context Measures

Property costs / citzen	£64.63
Backlog as % of council spend	5.1%
Property costs as % of council spend	4.5%
Income as % of council spend	0.46%

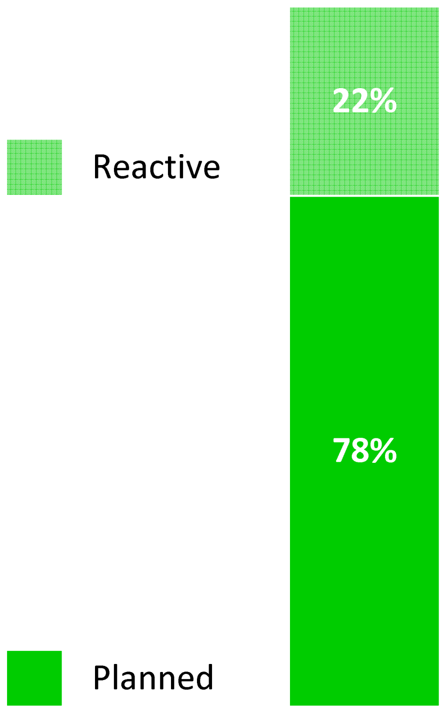
5.3 Condition & Fitness for Purpose

It is important to assess the condition of the building stock in order to proactively manage health, safety and compliance requirements as well provide evidence for making investment, disposal and change of use decisions.

Note: Priority 1 is urgent work that will prevent the immediate closure of the premises, address an immediate high risk to the H & S of the occupants or remedy a serious breach of legislation. Priority 2 is essential work that is required with two years to prevent serious deterioration of the fabric or services. Priority 3 is desirable work that is required with three to five years to prevent deterioration of the fabric or services.



The relationship between the relative levels of expenditure on reactive and preventative maintenance provides an indication of the effectiveness of an organisation's overall maintenance strategy. Expenditure predominantly on planned maintenance with a stable or reducing backlog trend is indicative of a well maintained portfolio. Currently maintenance spend is directed more toward planned rather than reactive maintenance.



5.4 Value, Cost & Income

There is a recurring cost borne from the revenue budget to own and occupy property. Assuming the portfolio is fit for purpose and in a reasonable state of repair the objective should be to minimise this expenditure in order to release revenue for other Council priorities. Property running costs represent 4.5% of the Council's gross annual expenditure with energy costs making up 20% of the annual property running costs. The Audit Commission estimate that property running cost for a portfolio in a reasonable state of repair should be about 8% of a Council's annual spend.

Running Cost Element	Expenditure (£000s)		
	Schools	Non-Schools	Total
Rents		£3,641	£3,641
Rates	£5,532	£4,494	£10,026
Energy	£6,784	£2,386	£9,170
Buildings Maintenance	£15,821	£4,153	£19,974
Grounds Maintenance	£2,317	£720	£3,037
Water	£1,021	£350	£1,371
Other	£4,442	£3,788	£8,230
Total*	**£35,917**	**£19,532**	**£55,449**

Note: cost breakdowns are restricted to major spend elements.

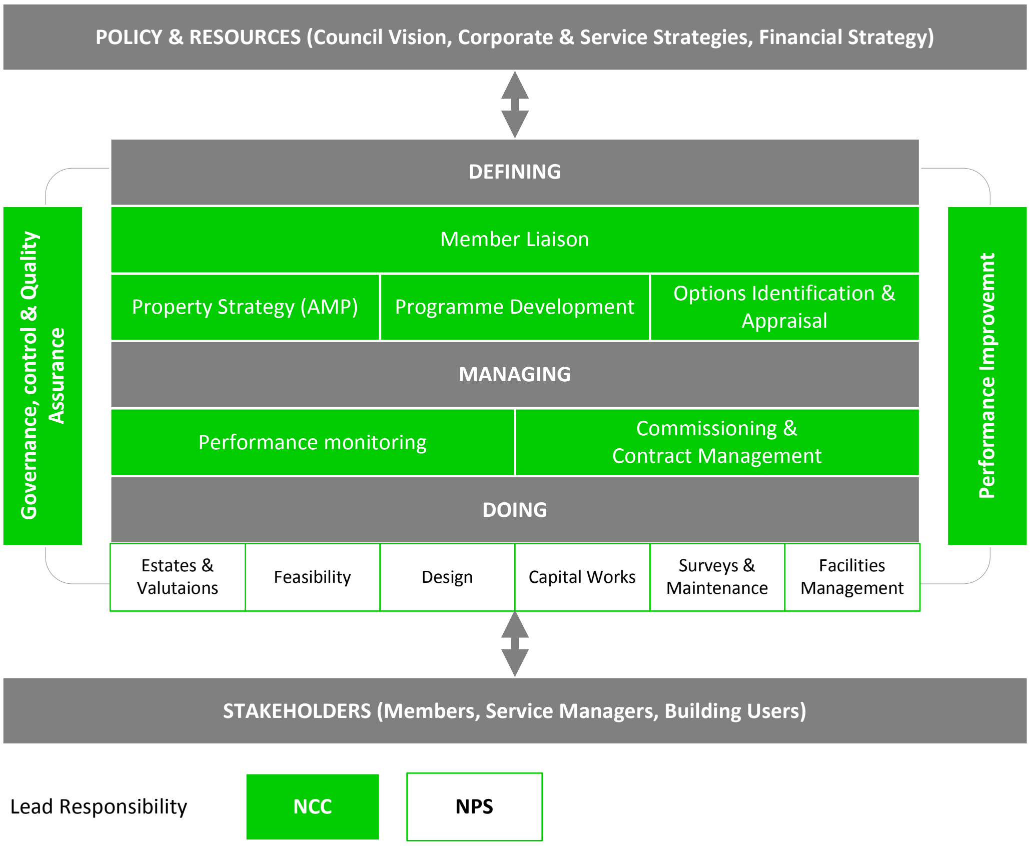
6.0 Asset Management Policy & Practice

6.1 Overall management Arrangements

Since 1993 NCC's property services have been provided through a strategic partnership with NPS (which in 2002 became a private company wholly owned by NCC) against a defined Service Level Agreement (SLA). NPS has traditionally provided the full range of property services (including the strategic direction, member reporting and liaison with services that might be provided through a client function in alternative delivery models). As part of the Property Transformation Programme NCC has created a small strategic client-side team within NCC known as the Corporate Property Team to provide a strong corporate focus for managing the NCC portfolio and driving out potential savings in property running costs.

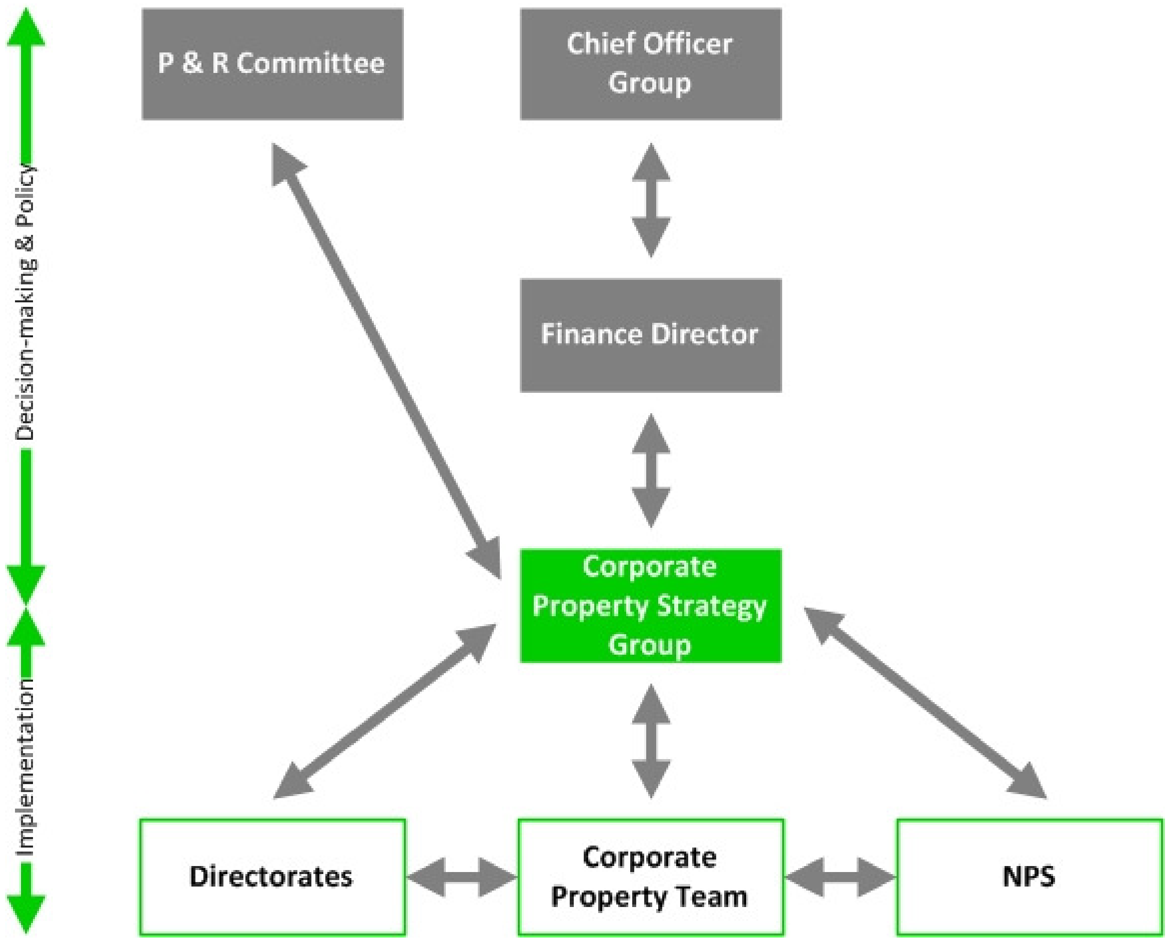
This revised operating model will foster confidence within NCC and a shared sense of ownership and responsibility for property outcomes. It will result in the streamlining of decision making processes, freeing up senior officer and member resource to enable a focus on policy and strategic property matters. It will create an operational landscape within which NPS will be encouraged and incentivised to bring commercial acumen to deliver enhanced service benefit and financial return from the property portfolio. There will be a strong focus through the revised arrangements to secure significant savings in the non-schools operational portfolio. The new operating model will provide improved clarity of responsibility over the defining – managing – doing aspects and also:-

- Create a strengthened corporate property strategy function, helping to ensure that property is used effectively to help deliver Council objectives and ensuring consistency with 'best practice' in asset management
- Promote effective contract management driving value and performance, ensuring the potential benefits of the strategic partnership with NPS are maximised
- Give clear strategic direction and establish operational roles and responsibilities, allowing staff to focus on priority areas and use their skills most effectively
- Facilitate better programme management of the Council's property activity, deliver improved cost and time certainty and value for money
- Focus on improvement and benefits realisation.



6.2 Roles & Responsibilities

As part of the Property Transformation Programme a Corporate Property Strategy Group (CPSG) is being established. This will have senior corporate and service representation; meet bi-monthly and have the responsibility for setting broad strategy in asset management with oversight of all strategic initiatives. It will be chaired by the Council's corporate property officer (Assistant Director, Property). Member input and engagement is critical and the Assistant Director, Property will directly interact with Members and be advised through the Chair of Policy & Resources and other Committees Chairs. This will allow members to be kept informed of emerging property policy and issues whilst also enable them to 'challenge and steer issues for the benefit of CPSG and the Corporate Property Officer The CPSG may be supported by project specific boards from time to time as initiatives require. Full decision-making authority on all property matters will be retained by the Council's Policy & Resources Committee.



6.3 The Council's Property Policies and Programmes

The Council has a range of policies and programmes relating to the management of the estate. These provide detailed amplification of overall strategies or relate to specific sub-sets of the portfolio or particular aspects of property management. The most significant of these are summarised briefly below.

- ***Facilities & Building Maintenance***

  The corporate office portfolio (including County Hall) is managed by the NPS FM team located at County Hall. Norse Commercial Services is the provider of all soft FM services i.e. building cleaning, site management, catering and security. Building maintenance of offices is also managed by the NPS FM team working with the Building Surveyors Group and procures some services from private M&E and building contractors. Corporate Offices outside County Hall have a premises manager who perform functions on a day to day basis. Operational Properties are managed by premises managers and NPS building surveying staff utilising the M&E and building contractor companies.

All non-school property maintenance falls under the Building Maintenance Fund (BMF). The BMF is generated from NCC departmental budgets and each provides a budget proportional to the size of their portfolio. The fund is managed by NPS and spent on all planned, planned preventative and responsive maintenance. Work is prioritised annually (within budgets constraints) using available condition survey data. NPS employs the M&E Contracts and the standing list building contractors to implement this.

The School Maintenance BMP3 (Building Maintenance Partnership) is the third scheme run to manage the maintenance of participant Norfolk schools. It is a five year scheme. Schools receive a sum in their devolved budget for building maintenance and they can opt into the BMP3 fund. This helps school managers to ensure that premises are compliant and safe, warm and dry. School managers that choose not to join the scheme must manage all matters for themselves. NPS Property Consultants Ltd is appointed as surveyor managers for BMP3 and is paid a fee from the fund. NPS establishes and manages: M&E Service Contracts with 24/7 call out helpdesk; Insurance inspections; sports & play equipment inspections; standing list of maintenance contractors; operates a responsive helpdesk 08.00 to 17.00, Monday to Friday.

- ***Capital Programme Management*** - The capital programme is directed to ensure that limited resources are invested in the most effective way to improve service delivery. Services are responsible for identifying capital projects needed to meet their needs, for feasibility assessments and development of a funding 'bid'. Thereafter prioritisation of competing bids and development of the capital programme is undertaken as part of the Council's overall budget process. The Council has a methodology to prioritise investment which is related to its overall objectives. This is designed to ensure that the impact of scarce resources is maximised and that a strategic overview of all schemes is maintained. This overview is supplemented by detailed officer scrutiny to ensure schemes are well planned and achievable. Progress on the programme is monitored through the Capital Priorities Group (for education schemes) and also at summary level through the Corporate Property Strategy Group and periodic reports to Members. This allows early identification of actual or potential slippage and inclusion of reserve schemes in the programme.
- ***Office Strategy*** – The Council is rationalizing its office portfolio significantly to reflect

continuing budget pressures, the implementation of flexible (ICT enabled) working practices and the reduced size of the organization as it adopts to a new operating model with fewer staff. Office provision will primarily be concentrated in three 'Hub' locations at Norwich, Kings Lynn and Great Yarmouth, supported by a (reduced) network of district offices, space on operational premises and touch down zones in libraries, fire stations (etc.) and partners' premises. The completion of the County Hall refurbishment project will allow for the potential closure of office premises such as: Carrow House; Hooper Lane; Charles House; Vantage House; Lakeside 500; Lawrence House & Bank Plain. Accommodation will be shared with the NHS to enable integrated working and across the wider public sector estate where this delivers cost efficiencies, service delivery enhancements and improved customer service. There is a commitment to develop a public sector office strategy for Norwich in order to optimize the collective public sector office accommodation in the city.

- ***Rural Estate Management*** - NCC has a significant rural estate amounting to over 16,000 acres of land with 135 tenants. Its book value is currently £44M with a rent roll of £1.77M. It is the third largest county farms estate after that of Cambridgeshire and Lincolnshire. NCC's agreed policy is to retain the estate to produce income whilst supporting existing tenants; encouraging new entrants to agriculture and supporting wider Council objectives such as environmental sustainability and public access. The Council has a County Farms Advisory Board to provide oversight to the management of the estate and this Board received a paper (subsequently endorsed by Economic and Community Development Sub Committee) setting out the overarching 15 objectives for the estate in October 2014. The estate was split into two (Western and Eastern) four years ago, under external management to bear down on management costs, but recently has been brought back into NCC control.

- ***Energy Strategy*** – The Council had a target to reduce its carbon footprint by 25% by April 2014 (compared to a 2008-09 baseline year) as part of its on-going carbon management programme and statutory commitments under the national Carbon Reduction Energy Efficiency Scheme (CRC). 2014-15 is the fifth reporting year and 2nd "Capped" year for the Council's carbon footprint under the CRC Scheme. The Council is required to pay a tax, incorporating an "escalator" component, for each tonne of carbon emissions produced. The current tax liability is £12/tonne. The tax liability for 2012-13 was £678,102. A key factor in the Council's Carbon Reduction Programme is supporting projects to improve the building stock. This is delivered through a Carbon and Energy Reduction Fund. To date over 560 projects have been completed or are underway, at a total cost of £10.7m; principally focussed on the school estate. In 2013 Cabinet approved a 50% reduction target (from a baseline year of 2008/09) by 2020 for the non-schools portfolio.

- ***Third Sector Tenants*** - As part of its landlord role the Council will from time to time let out properties for third party use. This can include providing support to community or voluntary groups; in connection with service provision arrangements; to generate income and as interim arrangements for properties which are not being used by the Council. Historically the Council approach to these third party arrangements has been inconsistent in terms of the lease terms and the rent payable. There is a strong rationale for a market rent policy for all properties let out by the Council. This rationale is around recommended best practice; equity of treatment; protecting the building fabric; protecting the Council's reputation and minimising risk. There is a need for the Council to adopt a policy which is based on all Third Sector organisations occupying Council properties by way of a formal lease setting out respective obligations for the buildings and based on a full market rent. This policy will be developed through 2015.

- ***Community Asset Transfer*** – Although there is a general requirement under the terms of the Local Government Act 1972 s.123 for Councils to achieve "best consideration" (i.e. full value) for asset disposals the government has introduced General Disposal Consent powers for Councils to exercise discretion (within strict limits) when contemplating disposals to community and voluntary type groups (following the "Quirk" report). In other words Councils are granted the freedom, where justified, to transfer at less than best consideration. Hence in terms of asset transfer to such groups there may be particular circumstances when the Council might consider a transfer at a discount to full value in order to achieve social objectives and the delivery of Council objectives, other than the maximisation of receipts. Such instances would need the acquiring organisation to develop a business case which clearly shows the benefit to the Council and community of such a transfer at a discounted value and it would require the approval of a Council Committee (or Full Council depending on value) to approve the discounted transfer. As with lettings to third parties above it is proposed that this is an area which needs to be developed in terms of Council policy during the first year of this AMP. In this regard the Council might want to have regard to the CLG/RICS guidance document entitled "Local Authority Asset Management Best Practice: 01: Transfer of Assets to Community Ownership and Management".

7.0 Measuring Performance

7.1 Performance Measurement Framework

The Council recognises that performance measurement is recommended 'best practice' in asset management but also acknowledges that it can be time consuming and difficult to undertake with any degree of accuracy. The approach adopted therefore is essentially a pragmatic one focussing on a small number of indicators where data is robust and developing specific local measures which are relevant to the Council and which can be tracked over the longer term. A Property Performance Report is also produced periodically to provide some depth to understanding key trends in the portfolio

A simple framework for performance management has been developed as shown below. This is based on a separation between the performance of property services (activities) and the performance of the property portfolio (buildings). It is based on collection of nationally recommend indicators where appropriate plus local property performance indicators (pPIs) using a simple one page 'scorecard' in each case to measure performance. Each 'scorecard' uses a small number of indicators chosen to provide a rounded view of property services and the property portfolio.

The intention is to establish long term targets against which to monitor progress and to seek to compare performance with other Councils where possible. The framework is embryonic and will be refined in use and be developed further as the quality of property data improves. The scorecard's indicators will be defined by the Corporate Property Team within the next 12 months.

Some key highlights of the Performance Report are included as Appendix B. In the future this may be created as a separate stand-alone report or more fully amplified through subsequent AMPs.

PERFORMANCE MEASUREMENT FRAMEWORK

PERFORMANCE 'SCORECARD'	PROPERTY SERVICES (activities)	PROPERTY PORTFOLIO (buildings)
THEME	Design Building Maintenance Estates & Valuation Facilities Management	Financial Physical Functional Legal
NATIONAL INDICATORS	Use of national indicators where appropriate such as NAPPMI indicators (National Property Performance Management Initiative)	
LOCAL INDICATORS	Developed by NCC to reflect local needs and priorities	
TARGETS	Set and monitored by the Corporate Property Strategy Group Progress reported through Corporate AMP and Property Performance Report	
COMPARISONS	Comparison with other County Councils through informal practitioner associations	
OUTCOMES	Optimised Property Services	Optimised Property Portfolio

Appendix A – Service Strategies & Asset Implications

Service Area	No. of Assets	Service Strategy
Adult Education Centres	5	Following an 'unsatisfactory' Ofsted report early in 2015 the future strategy for the service is under review. A key factor in the future provision will centre round the occupation of Wensum Lodge which is part of a bigger NCC riverside landholding that is the subject of a feasibility study for an area re-generation. Such a development could easily accommodate Adult Education in the future.
Adult Social Care	31 of which 27 are leased to Independence Matters	Adult Social Care has been subject to various transformation initiatives over recent years with the transfer of Residential Care (incorporating the Housing with Care, and Homes for the Elderly and the respective property portfolio) to Norsecare in March 2011. Norsecare is actively undertaking a programme of modernisation involving new build, with the emphasis on Housing with Care. More recently, the Service was instrumental in setting up the Social Enterprise, Independence Matters, to provide Day Care and Respite Care Services. Independence Matters was constituted on 1 November 2013. The Council retains responsibility for all premises in this portfolio and is supporting Independence Matters with a programme of re-provision and refurbishment. Operational teams within the Service are locality based and co-located with the NHS in a number of properties. Further work is being carried in terms of integration with a recent example resulting from the transfer of Mental Health Services from Norfolk and Suffolk Foundation Trust to The Council on 1 October 2014. Considerable work has been carried out with regard to implementation of the Care Act 2014, and in support of this, Commissioning Teams are involved in the development of Housing with Care and Supported Living Schemes in conjunction with Housing Associations.

Children's Services	345 primary schools, 42 secondary schools, 11 special schools, 36 Children's Centres	There is an on-going movement of schools to academy status under a standard 125 year lease arrangement, with some 82 sites already transferred. The Service is involved in a significant capital programme with a total value of some £125m to meet additional school capacity pressures, in response to both residential development and demographic growth pressures, as set out in the approved capital programme for 2014-17. This involves a combination of new developments and additional building on existing school sites. There is complementary responsibility to ensure sufficient specialist places as population grows; and a sufficiency duty in respect of pre-school provision. A new Early Help and Intervention programme is being developed to improve social care outcomes. Subject to confirmation of business case funding, this could involve some 8 Local Offices based on District Council areas, together with some 24 Local Delivery Points in areas of identified need, utilising existing NCC locations and opportunities though the One Public Estate programme where possible.
Offices	68	NCC has been undergoing a rolling programme of rationalisation with principal areas of office provision now concentrated at Priory House (Kings Lynn), Havenbridge House (Great Yarmouth – available June 2015) and County Hall in Norwich. This has resulted in several properties being surrendered. The on-going programme of change is now being channelled through the 'One Public Estate' initiative with public sector partners co-locating wherever possible to reduce costs and deliver service benefits. Integrated Health teams are now being accommodated across the NCC/NHS estate.
Fire & Rescue	45 (42 fire stations)	The Service is actively exploring opportunities for potential co-location with the other 'Blue Light' Services. Work is on-going to identify the scope for more effective wider NCC usage of fire station sites, for permanent or drop in office use, with a current proposal to relocate NCC and NHS staff to a new modular office building on the Hunstanton Fire Station site.

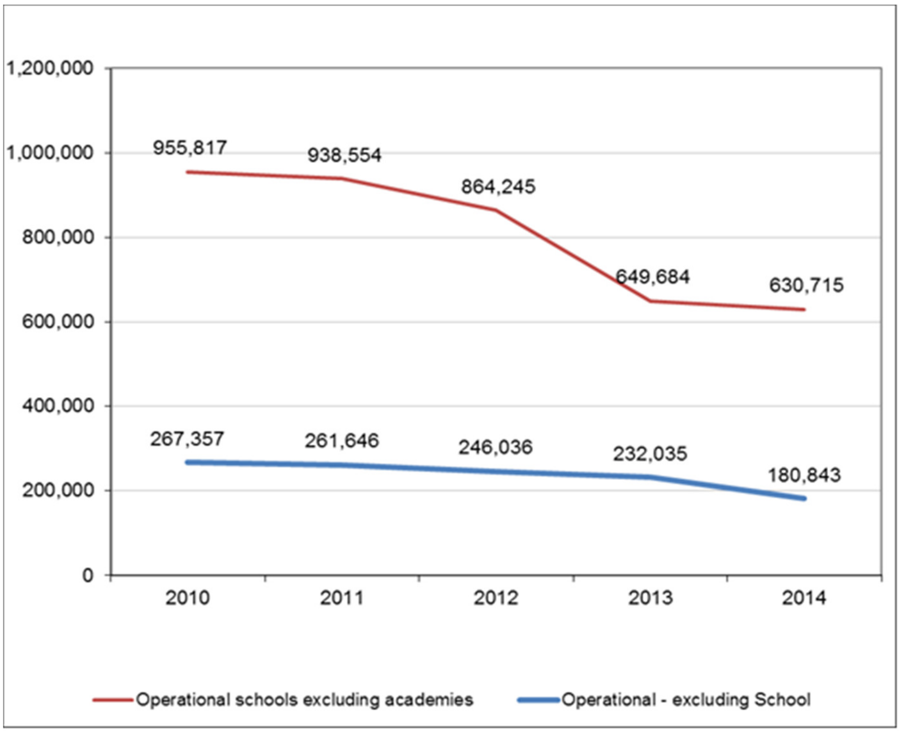
Registrars	11	Principal register office facilities are located in Norwich, Great Yarmouth (within the Library building) and Kings Lynn (within the Town Hall). Other smaller facilities exist at Dereham, Diss, Downham Market, Fakenham, North Walsham, Swaffham, Thetford & Watton (often in buildings shared with Town Councils etc.). Facilities at Churchman House (Norwich) are not fit for purpose and alternative premises are being investigated by the service as part of the 'One Public Estate' initiative. There is a long-term aspiration to relocate the office at Thetford when alternative premises can be identified. ***Note:*** *Registrars offices are located within libraries or the offices of other services and so the identified asset count of 11 is also included in the asset count of these*.
Libraries	47	The Millennium Library in central Norwich is the Library service flagship with other modern buildings located in Wymondham, Dereham and Poringland. In general the libraries in Norfolk's market towns have become inadequate for the size of the population with Diss, North Walsham and Swaffham being prime examples. Several village outlets have become obsolete for the provision of a modern library offer and investigations in to sharing fire stations for example in villages like Hingham and Reepham have not progressed because of the increased operational costs (e.g. rents) compared to the costs of the existing facility and more work needs to be done to develop viable business cases. A new corporate approach to space sharing and internal recharging is required to unlock this potential. The service maintains a list of priority library replacement however a lack of capital combined with suitable village/town centre sites has severely restricted modernisation of the asset base to date. The Council also has the Norfolk Record Office located at County Hall. This archive centre is occupied by other providers as well as NCC and the use of the premises is restricted by the terms of the 25 year Heritage Lottery Fund Agreement.
Museums	13	Norfolk Museums Service was established in 1974 when the County and District Councils in Norfolk agreed to delegate their museum powers to a Joint Committee to manage museums through a county-wide Museums Service. The buildings are often owned and managed by a district council with the service delivering capital improvements often with external funding which may come with restrictions. They include: The Bridewell which has recently undergone a major

		refurbishment, Strangers Hall and the Castle all located in the centre of Norwich. A £10 million investment to restore the interior of the Norwich Castle Keep to recreate the 12th Century Royal Palace is at the planning stage.
Economic Development	2	NCC own 2 sites where property is actively promoted for economic development, Hethel Engineering Centre and Scottow Enterprise Park (former RAF Coltishall). Hethel Engineering Centre is a business owned by NCC dedicated to supporting the growth of high performance engineering and manufacturing companies and individuals throughout the region. It provides premises for start-up businesses, and through its expansion space allows these companies to grow, with the support of business incubation services, specialist business support, as well as conference, meeting space, training facilities and engineering consultancy. Scottow Enterprise Park covers 600 acres, with a range of buildings that are being let to target sectors, including film and media, automotive and manufacturing. At present 70% of the viable space is currently let or under offer. NCC has formed a joint venture in Great Yarmouth with GYBC to create the Great Yarmouth Energy Park, a regeneration project covering 50 acres of the South Denes where under used and derelict sites are being purchased to accommodate requirements of the energy industry. (N.B. The farms estate is described within the body of the AMP and clearly there are economic benefits and opportunities associated with holding this estate in terms of contributing land for development, rent roll and receipts).
Park & Ride	6	Currently this service is running at a loss with business rates and a reduction in Government subsidies forcing customer price rises in an attempt to reduce the deficit. The existing agreement with Norse & Connect Bus is at an end and a competitive dialogue tender is underway to give potential operators increased control / flexibility and hopefully increased profitability. This may include additional stops between park and destination. The service is considering the longer term possibility of a 'super P&R site to incorporate Sprowston (potential school site) and the airport site.
Waste Management	26	All recycling locations allow residents to recycle and dispose of their household rubbish free of charge but they are not available for business or commercial use. Wymondham re-cycling centre is too

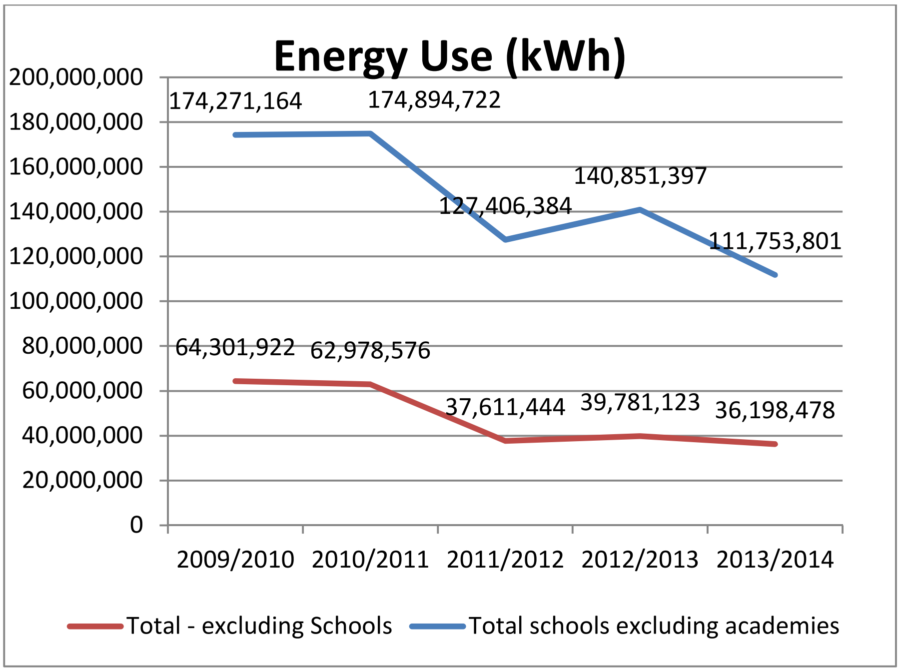
		small for the population it serves and there is a medium to long term need for replacement. Relatively new sites include Dereham, Thetford and Caister.
Highways Depots	4	These have been consolidated down to just 4 main depots, including salt barns, which serve almost 6000 miles of highways maintained by Norfolk County Council
Surplus Land (highways)		There is a plethora of small, often isolated, landholdings across the county previously acquired for highways purposes or odd bits of school land no longer required. Although some of these have been successfully sold by auction in general the cost of disposal against their value is prohibitive and anything other than a 'drip feed' approach could detract from the high receipt NCC disposals. Many of these assets may ultimately prove unsellable with a grant back to the original owner or donation as a community asset being the only options.

Appendix B – Property Performance Highlights

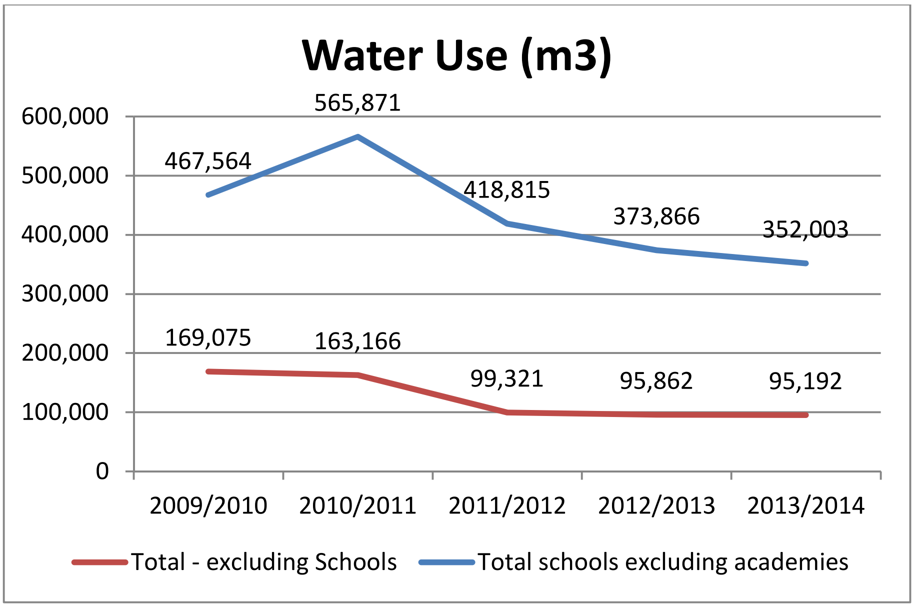
- The Overall size of the portfolio measure in floor-space (measure as Net Internal Area) has been declining



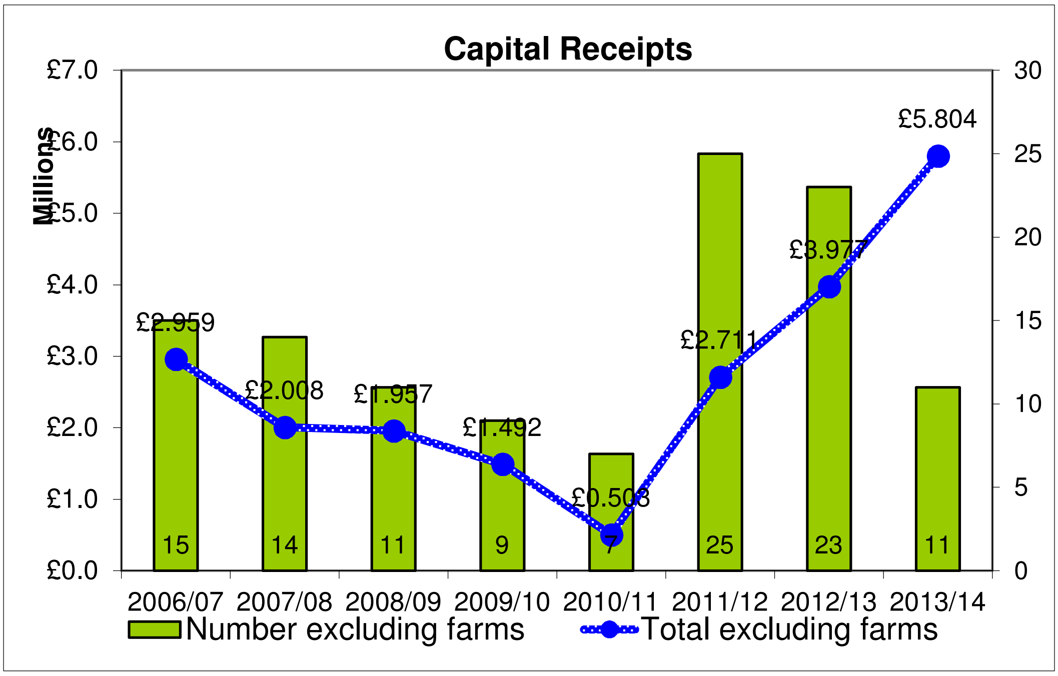
- The overall carbon footprint from the portfolio has been reducing



- Water use has been declining



- A consistent profile of capital receipts over time



Appendix C – Asset Management Plan –Work Plan 2015-18

KEY ACTIONS *Actions identified are strategic initiatives only & are in addition to the normal day to day activities*	KEY THEMES				Completion Date or Financial Target
	Resource Efficiency	Service Integration	Community Vibrancy	Gearing-up for Delivery	
Short Term (within 12 months)					
Implement Year 1 of property savings plan	●	●		●	2015-16
Support One Public Estate initiatives and developments					
• Support development of Norwich office strategy	●	●	●		Sept 2015
• Work with Broadland DC to develop plans for joint civic 'hub'	●	●	●		2015-16
• Carry out localities reviews	●	●	●		Dec 2015
• Support co-location proposals for health & social care	●	●	●		On-going
• Support co-location proposals for emergency services	●	●	●		Dec 2015
Develop new Office Strategy to reflect changing business needs (e.g. localities focus) and optimising use of County Hall campus	●	●	●		Sept 2015
Develop "Single Estate" within NCC - Corporate Landlord Model	●	●		●	Dec 2015
• Centralise property budgets					June 2015
• Corporate management of capital programme					Sep 2015
• Introduce office space charging + incentives to release					Sept 2015
• Operate new governance arrangements					June 2015
Review & publish Community Asset Transfer Policy	●	●	●	●	Dec 2015
Establish robust property data to support performance improvement	●			●	Sep 2015
Establish 5 year Disposals Programme – seek opportunities for development	●	●	●	●	Dec 2015

ASSET MANAGEMENT PLAN

KEY ACTIONS *Actions identified are strategic initiatives only & are in addition to the normal day to day activities*	KEY THEMES				Completion Date or Financial Target
	Resource Efficiency	Service Integration	Community Vibrancy	Gearing-up for Delivery	
Long Term (within 1 to 3 years)					
Mobilise plans for year 2 & year 3 of property savings plan	●	●		●	Feb 2016
Support One Public Estate Initiatives	●	●	●		On-going
• Implement Norwich area office strategy					
• Implement co-location projects					
Further development of County Hall to optimise site	●	●			April 2016
Disposal of redundant offices after County Hall refurbish	●				2015-16
Revitalise flexible working to improve productivity and further rationalise NCC office portfolio to reduce costs	●				2015-16
Reduce resource usage, costs and CO2 on retained properties	●				2015-16
• 15% reduction in water costs					
• 25% reduction in portfolio carbon footprint					
Develop options for 'top 10' sites with development potential	●		●		June 2016
Implement business case for former RAF Coltishall site	●		●		2015-16
Deliver strategy to promote surplus/fringe sites for housing			●		2015-16
Review & improve rates of return from rural & investment estate	●			●	2015-16
Develop strategy for Norwich airport industrial site	●		●		2015-16

Policy and Resources Committee Item No 14

Report title:	**Establishing the Corporate Property Team**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Director of Finance**

Strategic impact

The establishment of the Corporate Property Team (CPT), as the single property client function for Norfolk County Council (NCC) marks a significant change in management arrangements for planning, prioritisation and managing the substantial property assets held by NCC.

A key role of CPT is to ensure property remains aligned to Council priorities and is more responsive to the current and future accommodation needs across the full range of public services provided for the people of Norfolk.

Responsibility for all property (non-schools) within NCC is now being unified within CPT which is a part of the Finance Directorate. To carry out the function effectively CPT will be responsible for developing the overall property strategy and preparing NCC's Asset Management Plan for approval by the Policy and Resources Committee.

As the corporate property client CPT is responsible for coordinating, with all service directorates, the property priorities and works with NPS Property Consultants to manage premises and deliver the AMP Work Plan.

Executive summary

This report sets out the background and current position in establishing the Corporate Property Team and implementing a Corporate Landlord model for managing and occupying property.

Recommendations

Committee is asked to note the new arrangements and endorse the Corporate Landlord approach which means that all service directorates and members must refer all property requirements and issues through the CPT as the corporate property client instead of instructing NPS directly.

1. In 2014 a review was conducted of NCC's property management arrangements and the key features were identified as follows:

   - The majority of the internal property management resources and budgets were disaggregated across the directorates.

   - There was no NCC central property team and no central control of property or property strategy across NCC as a whole organisation.

   - The strategic property partner, NPS, had historically provided the majority of the council's professional property services.

   - NPS had the responsibility for property strategy, as well as delivering operational property services.

2. In November 2014, the Chief Officer Group approved a proposal to establish an in-house property client function operating on a Corporate Landlord model. This means that the council's Corporate Property Officer role is located within NCC and property is managed as a "Single Estate".

3. This new model involves centralising the control and management of the property estate, through a new Corporate Property Team (CPT) that would take over the property strategy function, manage the relationship with NPS and be responsible for commissioning services from them.

4. The structure of the new CPT was designed to introduce a mix of property skills and experience required to plan and manage the diverse property portfolios with a focus on continuously reviewing and developing these to meet current and future service needs. It was also agreed to review all existing property functions held in service directorates with the aim of bringing these into the CPT to build capacity for assisting with the review of service needs and commissioning the range of estates, projects and facilities management requirements.

5. The new CPT was established in April 2015 and has initially focussed on setting out the property strategy for 2015-18 with a new Asset Management Plan (elsewhere on the agenda). The following are the key priorities over the next twelve months;
   - Define in detail the roles and responsibilities for property within NCC and develop mechanisms for the new Corporate Landlord model to operate effectively with clarity and transparency of prioritisation and charging.
   - Work with NPS to transfer the client role in-house and develop the new relationship aimed at presenting a more integrated client brief for the work activities and consultancy support.
   - Develop and implement a new Property Savings and Income Plan to drive up efficiency and achieve the significant property budget reductions included within the Medium Term Financial Plan for 2015-18.

6. New property governance arrangements have been established, which consist of a Corporate Property Strategy Group (Assistant Director level officer group) reporting to the Chief Officers Group and through to Policy & Resources Committee. A focus moving forward, is how the property estate will be reshaped to meet the changing needs of the Council. The new Asset Management Plan 2015-18 (elsewhere on the agenda) has been prepared in collaboration with NPS and developed through this corporate property group.

3. Financial Implications

A key driver in moving to the new model and creating a Corporate Property Team, was to enable additional value to be driven from the estate and the property service. A three year savings target of £7.3 million has been set for the team, who have created a Savings Plan to achieve it.

4. Issues, risks and innovation

4.1 Legal Implications:

A new contract for consultancy services will be developed between NCC and NPS.

4.2 Human Rights: None.

4.3 Equality Impact Assessment (EqIA): Not applicable

4.4 Communications: None.

4.5 Health and Safety Implications: None.

4.6 Personnel:

A number of posts have been transferred from Service Directorates to the Corporate Property Team

Officer Contact

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

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Policy and Resources Committee Item No 15

Report title:	Proposed sale of land to the north of Norwich Road, Acle
Date of meeting:	1 June 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

The disposal of approximately 5.6 hectares of agricultural land situated to the north of Norwich Road, Acle, with the benefit of outline planning permission for up to 140 residential dwellings, represents a significant element of the disposals programme for 2015/16. Together with the two other sites reported on this agenda, the total estimated sales proceed at £4.8m represent 48% of the £9.9m projected sales for 2015/16.

Executive summary

This report seeks authority for the disposal of surplus land with the aim of maximising net capital receipts in support of the Council's Capital Programme 2015-18.

Recommendations:

- Policy and Resources Committee approve the disposal of this surplus land
- Policy and Resources Committee instruct the Assistant Director, Property to carry out a financial assessment of disposal options to maximise net sale proceeds and bring back recommendations to the Committee for approval.

1. Proposal (or Options)

There are a number of options regarding the disposal of this land which has already seen an uplift in value as a result of securing outline planning permission for change of use from agriculture to residential use.

These options range from marketing the land immediately for an unconditional sale at one end through to the Council procuring a construction contractor or house builder and financing the development to completion and sales of the new residential units.

Examining the options at either end of the spectrum will outline the key differences in disposal timescales, resource requirements, risks and financial benefit of each method.

Marketing without any further conditions.

The benefit of this approach is that it will generate capital receipts at an early stage and the cost of transaction will be lower with no further financial risks.

However the level of net capital receipt from such a sale is likely to be lower than the residual land value generated from undertaking the full developer role.

A further disadvantage of this method is that the Council will have no control over the timing nor the type and content of the actual development.

Direct development

The benefit of this approach is greater control over the timing and ultimate type and extent of development on this land. The Council is also likely to generate considerably greater capital receipts because a developer will require a profit margin on cost and by developing direct the Council is in effect receiving this in return for the investment and development risks undertaken.

However this approach will mean a delayed capital receipt and the Council needs to fund the development, both in terms of the further scheme development and financing the building out of the new residential units.

Proposal

The two broad options are in effect a financial assessment of the risks and rewards.

Based on prioritising the financial objective (maximising receipts) the Assistant Director, Property is proposing a presumption in favour of some form of developer role for the Council to consider the scope for extracting a proportion of the developer profits. However there is also a need for testing whether the expression “bird in hand is worth two in the bush” applies.

The Assistant Director, Property will explore the potential of extracting a proportion of the developer’s profit for NCC and consult the Executive Director, Finance in relation to the financial assessment of the two broad options. This assessment will take account of the cost of (borrowing) money and the premium required for undertaking development risks as well as the impact on capacity.

2. Evidence

Residential price forecasts for the East of England indicate positive growth (e.g. Savills 5 year growth forecast 25.2%), underpinning viability of development and disposal of residential property.

The experience from our 2 developments is that house prices can go down from those used in the financial models. Although the risk appears low in the current environment, it should be noted that if the new houses struggle to sell, the cost of money then becomes more of an issue.

3. Financial Implications

The value of this land, with the benefit of the existing planning consent, is in the region of £3.6m.

Subject to the outcome of the financial assessment an additional share of developer’s profit may be generated for NCC.

4. Issues, risks and innovation

Legal Implications:

None at this stage.

Human Rights: None.

Equality Impact Assessment (EqIA): Not applicable.

Communications:

Consultation was carried out as part of the planning application and further communications and engagement with local people will be carried out at later stages

Health and Safety Implications:

The site is currently secure and at minimal risk of unauthorised occupation.

Risk

The financial assessment will identify risks associated with planning, financing and market changes for all options.

5. Background

The site extends to an area of approximately 5.6 hectares (13.83 acres) and consists of agricultural land located outside, but contiguous with the western edge of the existing identified settlement boundary of Acle.It is shown edged red on the plan accompanying this report.

The western boundary is open in nature, with the land to the west (coloured blue) also within the ownership of NCC and in agricultural use.

This agricultural land was released for disposal in the Farm Estate Strategic Review and Management Plan approved on the 1st December 2014. An outline planning consent was obtained for c140 dwellings on the 30th January 2015.

Added value has been created through pro-active engagement in the planning process from the formulation of the local plan in 2008 to the successful planning approval for development. This process has increased the value of the NCC landholdings from c£350,000 in use as agricultural land to circa £3.6m development land, with outline planning consent for 140 dwellings.

As a condition of the Section 106 agreement which accompanies the outline planning permission NCC County Farm Estate will retain and maintain in perpetuity a 1 hectare area of land within the area of land coloured blue (attached) which will be used as informal open space for the wider community.

Background Papers – Location and indicative layout plans attached.

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Duncan Blackie	01603 228874	duncan.blackie@norfolk.gov.uk

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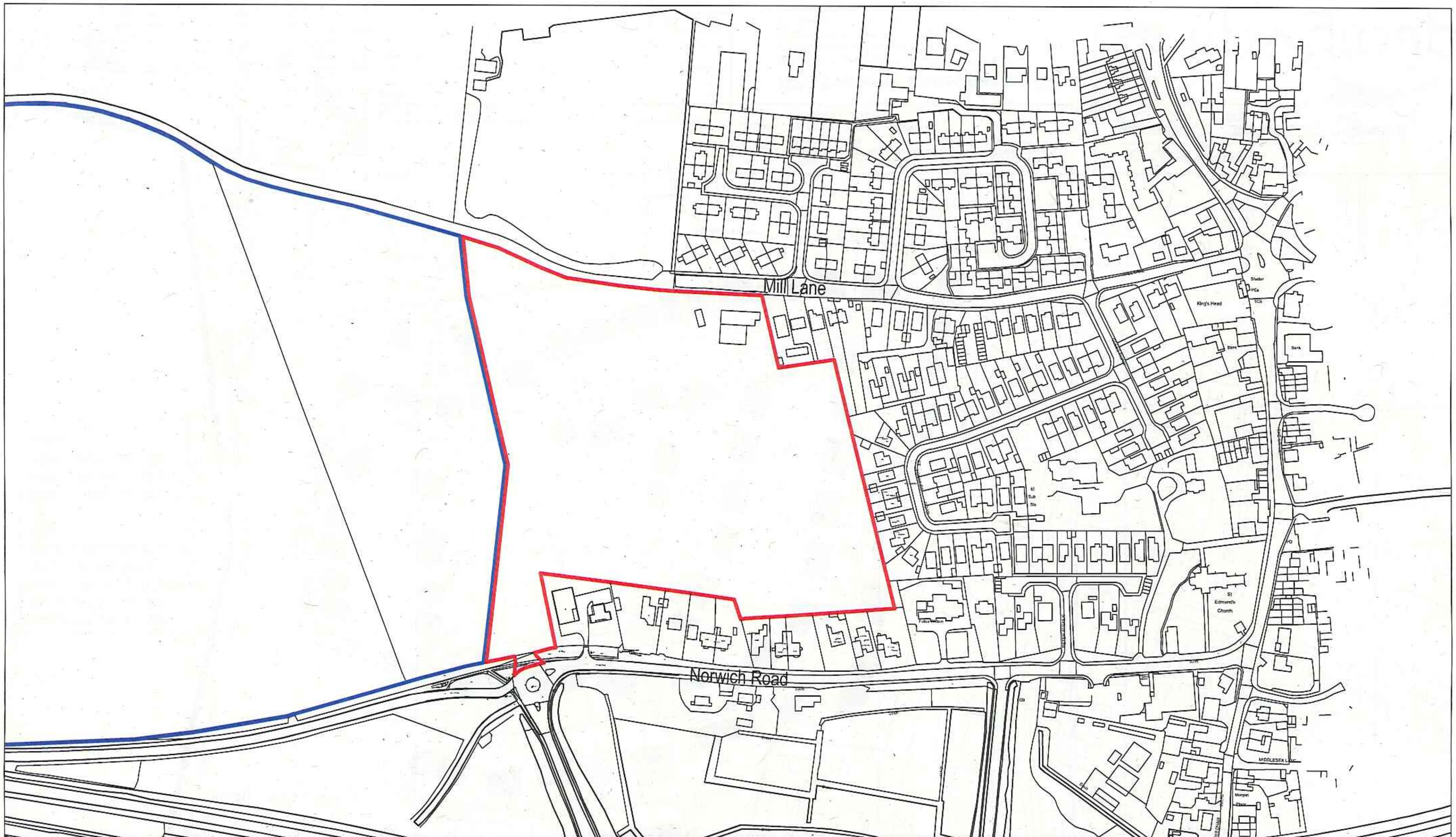


REV	DATE	DESCRIPTION

Plan No. 01-01-09-2-1026 (01)

Scale 1:2500@ A3

Date: 20 May 14

DRAWN BY	MP
CHECKED BY	JG

Title. Location Plan

Proposal. Outline planning application for proposed residential development and associated works

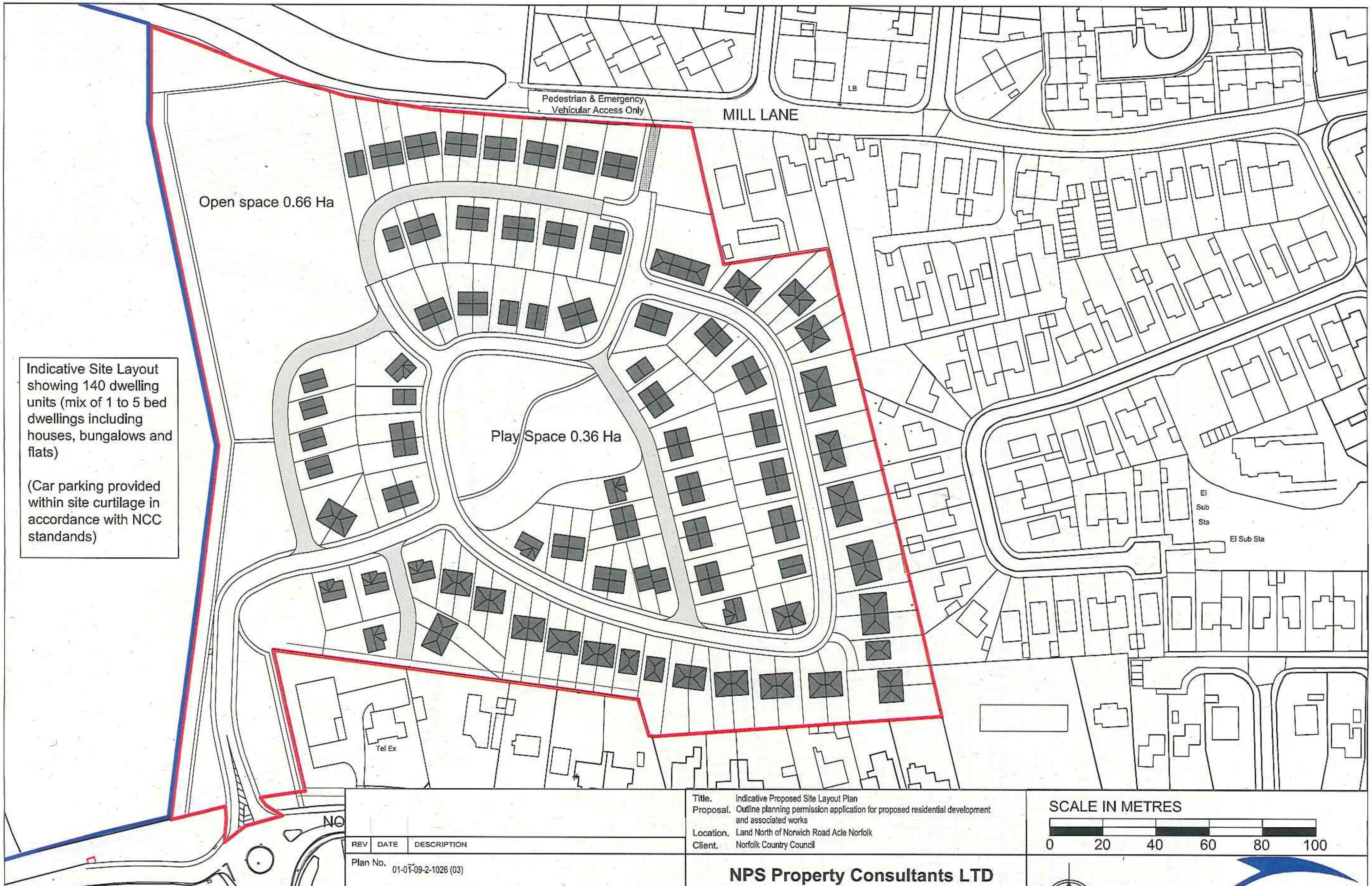
Location. Land North of Norwich Road Acle Norfolk

Client. Norfolk Country Council

NPS Property Consultants LTD

- NORWICH LANCASTER HOUSE TEL: 01603 706000 FAX: 01603 706001
- NORWICH COUNTY HALL TEL: 01603 222413 FAX: 01603 222719
- LONG STRATTON TEL: 01508 536400 FAX: 01508 535110
- AYLSHAM TEL: 01263 738200 FAX: 01263 731732
- KING'S LYNN TEL: 01553 778240 FAX: 01553 778241

nps group



REV	DATE	DESCRIPTION

Plan No. 01-01-09-2-1026 (03)

Scale 1:1250@ A3

Date: 9 6 14

DRAWN BY MP

CHECKED BY JG

Title. Indicative Proposed Site Layout Plan

Proposal. Outline planning permission application for proposed residential development and associated works

Location. Land North of Norwich Road Acle Norfolk

Client. Norfolk Country Council

SCALE IN METRES

0 20 40 60 80 100

NPS Property Consultants LTD

- ■ NORWICH LANCASTER HOUSE TEL: 01603 706000 FAX: 01603 706001
- ☐ NORWICH COUNTY HALL TEL: 01603 222413 FAX: 01603 222719
- ☐ LONG STRATTON TEL: 01508 536400 FAX: 01508 535110
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- ☐ KING'S LYNN TEL: 01553 778240 FAX: 01553 778241

NORTH

nps group

Policy and Resources Committee Item No 16

Report title:	**Proposed sale of the Former First and Nursery School (Orchard) Site, Lingwood**
Date of meeting:	**1 June 2015**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The disposal of approximately 1.23 hectares of land comprising the former (first and nursery) school site in Lingwood. The land has the benefit of outline planning permission for up to 20 dwellings. The sale of this land represents a significant element of the disposals programme for 2015/16. Together with the two other sites reported on this agenda, the total estimated sales proceeds at £4.8m represent 48% of the £9.9m projected sales for 2015/16.

Executive summary

This report seeks authority for the disposal of surplus land with the aim of maximising net capital receipts in support of the Council's Capital Programme 2015-18.

Recommendations:

- Policy and Resources Committee approve the disposal of this surplus land
- Policy and Resources Committee instruct the Assistant Director, Property to carry out a financial assessment of disposal options to maximise net sale proceeds and bring back recommendations to the Committee for approval.

1. Proposal (or Options)

There are a number of options regarding the disposal of this land which has already seen an uplift in value as a result of securing outline planning permission for change of use from educational to residential use.

These options range from marketing the land immediately for an unconditional sale at one end through to the Council procuring a construction contractor or house builder and financing the development to completion and sales of the new residential units.

Examining the options at either end of the spectrum will outline the key differences in disposal timescales, resource requirements, risks and financial benefit of each method.

Marketing without any further commercial terms or conditions.

The benefit of this approach is that it will generate capital receipts at an early stage and the cost of transaction will be lower with no further financial risks.
However the level of net capital receipt from such a sale is likely to be lower than the residual land value generated from undertaking the full developer role.

A further disadvantage of this method is that the Council will have no control over the timing nor the type and content of the actual development. For example, the Council will be limited to the extent it can influence the development of affordable housing.

Direct development

The benefit of this approach is greater control over the timing and ultimate type and extent of development on this land. The Council is also likely to generate considerably greater capital receipts because a developer will require a profit margin on cost and by developing direct the Council is in effect receiving this in return for the investment and development risks undertaken.

However this approach will mean a delayed capital receipt and the Council needs to fund the development, both in terms of the further scheme development and financing the building out of the new residential units.

Proposal

The two broad options are in effect a financial assessment of the risks and rewards.

Based on prioritising the financial objective (maximising receipts) the Assistant Director, Property is proposing a presumption in favour of some form of developer role for the Council to consider the scope for extracting a proportion of the developer profits. However there is also a need for testing whether the expression “bird in hand is worth two in the bush” applies.

The Assistant Director, Property will explore the potential of extracting a proportion of the developer’s profit for NCC and consult the Executive Director, Finance in relation to the financial assessment of the two broad options. This assessment will take account of the cost of (borrowing) money and the premium required for undertaking development risks as well as the impact on capacity.

2. Evidence

Residential price forecasts for the East of England indicate positive growth (e.g. Savills 5 year growth forecast 25.2%), underpinning viability of development and disposal of residential property.

The experience from our 2 developments is that house prices can go down from those used in the financial models. Although the risk appears low in the current environment, it should be noted that if the new houses struggle to sell, the cost of money then becomes more of an issue.

3. Financial Implications

The value of this land, with the benefit of the existing planning consent, is in the region of £700,000. Subject to the outcome of the financial assessment an additional share of developer’s profit may be generated for NCC.

4. Issues, risks and innovation

Legal Implications:

None at this stage.

Human Rights: None.

Equality Impact Assessment (EqIA): Not applicable.

Communications:

Consultation was carried out as part of the planning application and further communications and engagement with local people will be carried out at later stages

Health and Safety Implications:

The site is currently secure and at minimal risk of unauthorised occupation.

Risk

The financial assessment will identify risks associated with planning, financing and market changes for all options.

5. Background

School facilities for 4 to 11 year old pupils in the village were previously provided from a split site Primary School. The premises, which are the subject of this report, at Chapel Road (known as the Orchard site) concentrate provision for younger pupils whereas the buildings at School Road (the former Junior School – known as the Pond site) focus on provision for older pupils.

In January 2013, planning permission was granted for a new Primary School (on a large site on Station Road) to replace the spilt site provision. With the completion of this new school, the existing school sites have become surplus to requirements.

This site extends to 1.23 hectares and is as shown edged red on the attached site plan.

NPS Property Consultants Ltd have obtained an outline planning consent for a residential development on the site with a s.106 agreement. The constraints on the site suggest that around 20 dwellings could be erected of which 33% will be affordable.

A temporary lease of the buildings has been agreed with the parish council whilst the new village hall is constructed.

As part of the s.106 agreement, the former nursery building (and an associated area for parking) will be transferred to the parish council at nil consideration for community use. This is as shown on the schematic drawing annexed to this report.

The value of the land with the benefit of an outline planning consent for approximately 20 dwellings, with an element of affordable housing provision, is estimated in the region of £700,000.

Background Papers – Location and indicative layout plans attached.

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Duncan Blackie	01603 228874	duncan.blackie@norfolk.gov.uk

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SCALE IN METRES

0 20 40 60 80 100

REV	DATE	DESCRIPTION

Address. Former First School Chapel Road Lingwood Norfolk

Title. Location Plan

Plan No. 01-01-14-2-1103-01

Scale 1:2500 @ A4

Date: 1st June 2014 | DRAWN BY | RG

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All details other than means of vehicular access are indicative only.

SCALE IN METRES

0 10 20 30 40 50

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REV	DATE	DESCRIPTION

Plan No. 01-01-14-2-1103-3

Scale 1:500 @ A2

Date: 1st June 2014

DRAWN BY	RG
CHECKED BY	AS

Title. Proposed Indicative Site Plan

Address. Former First School Chapel Road Lingwood Norfolk

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Policy and Resources Committee Item No 17

Report title:	Proposed sale of land to the east of Plantation Road, Blofield
Date of meeting:	1 June 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

The disposal of approximately 1.5 hectares of agricultural land situated to the east of Plantation Road in Blofield. The land has the benefit of outline planning permission for up to 14 dwellings. The sale of this land represents a significant element of the disposals programme for 2015/16. Together with the two other sites reported for sale on this agenda, the total sales at £4.8m represent 48% of the £9.9m projected sales for 2015/16.

Executive summary

This report seeks authority for the disposal of surplus land with the aim of maximising net capital receipts in support of the Council's Capital Programme 2015-18.

Recommendations:

- Policy and Resources Committee approve the disposal of this surplus land
- Policy and Resources Committee instruct the Assistant Director, Property to carry out a financial assessment of disposal options to maximise net sale proceeds and bring back recommendations to the Committee for approval.

1. Proposal (or Options)

There are a number of options regarding the disposal of this land which has already seen an uplift in value as a result of securing outline planning permission for change of use from agriculture to residential use.

These options range from marketing the land immediately for an unconditional sale at one end through to the Council procuring a construction contractor or house builder and financing the development to completion and sales of the new residential units.

Examining the options at either end of the spectrum will outline the key differences in disposal timescales, resource requirements, risks and financial benefit of each method.

Marketing without any further commercial terms or conditions.

The benefit of this approach is that it will generate capital receipts at an early stage and the cost of transaction will be lower with no further financial risks.
However the level of net capital receipt from such a sale is likely to be lower than the residual land value generated from undertaking the full developer role.

A further disadvantage of this method is that the Council will have no control over the timing nor the type and content of the actual development. For example, the Council will be limited to the extent it can influence the development of affordable housing.

Direct development

The benefit of this approach is greater control over the timing and ultimate type and extent of development on this land. The Council is also likely to generate considerably greater capital receipts because a developer will require a profit margin on cost and by developing direct the Council is in effect receiving this in return for the investment and development risks undertaken.

However this approach will mean a delayed capital receipt and the Council needs to fund the development, both in terms of the further scheme development and financing the building out of the new residential units.

Proposal

The two broad options are in effect a financial assessment of the risks and rewards.

Based on prioritising the financial objective (maximising receipts) the Assistant Director, Property is proposing a presumption in favour of some form of developer role for the Council to consider the scope for extracting a proportion of the developer profits. However there is also a need for testing whether the expression “bird in hand is worth two in the bush” applies.

The Assistant Director, Property will explore the potential of extracting a proportion of the developer’s profit for NCC and consult the Executive Director, Finance in relation to the financial assessment of the two broad options. This assessment will take account of the cost of (borrowing) money and the premium required for undertaking development risks as well as the impact on capacity.

2. Evidence

Residential price forecasts for the East of England indicate positive growth (e.g. Savills 5 year growth forecast 25.2%), underpinning viability of development and disposal of residential property.

The experience from our 2 developments is that house prices can go down from those used in the financial models. Although the risk appears low in the current environment, it should be noted that if the new houses struggle to sell, the cost of money then becomes more of an issue.

3. Financial Implications

The value of this land, with the benefit of the existing planning consent, is in the region of £500,000. Subject to the outcome of the financial assessment an additional share of developer’s profit may be generated for NCC.

4. Issues, risks and innovation

Legal Implications: None at this stage.

Human Rights: None.

Equality Impact Assessment (EqIA): Not applicable.

Communications:

Consultation was carried out as part of the planning application and further communications and engagement with local people will be carried out at later stages

Health and Safety Implications:

The site is currently secure and at minimal risk of unauthorised occupation.

Risk

The financial assessment will identify risks associated with planning, financing and market changes for all options.

5. Background

The site comprises approximately 1.5 hectares of former agricultural land situated to the East of Plantation Road in Blofield. It comprises two land parcels, shown edged red and blue respectively on the plan accompanying this report.

Planning permission has been obtained by NPS for 14 dwellings on the red land, of which 4 will be affordable units.

Planning discussions have revealed that there is little development value for the blue land but it has the potential to serve as amenity land to the developers of the red land. This method of sale will highlight this possibility.

It was a condition of the consent to the 'red land' that an access was provided to the 'blue land'. This will be a condition of the sale and is reflected in the outline plan application indicative layout. To protect the Council's position, it is proposed that a 100% overage covenant will be imposed on the blue land for any non-community based use.

The land shown coloured blue on the attached plan was the subject of a separate planning application that sought to change use to community use or open space.

This site suffers from greater road noise and poor ground conditions which make it unsuitable for housing.

The parish council has informally indicated a willingness to purchase the blue land.

When marketing of the land commences NPS will inform the parish council of its availability, which will enable them to purchase it via the Invited Offer process.

It is proposed to market the land as individual lots or as a whole with Lot 1 being the red land (0.52 hectares) and Lot 2 the blue land (0.98 hectares).

Background Papers - Location and indicative layout plans attached.

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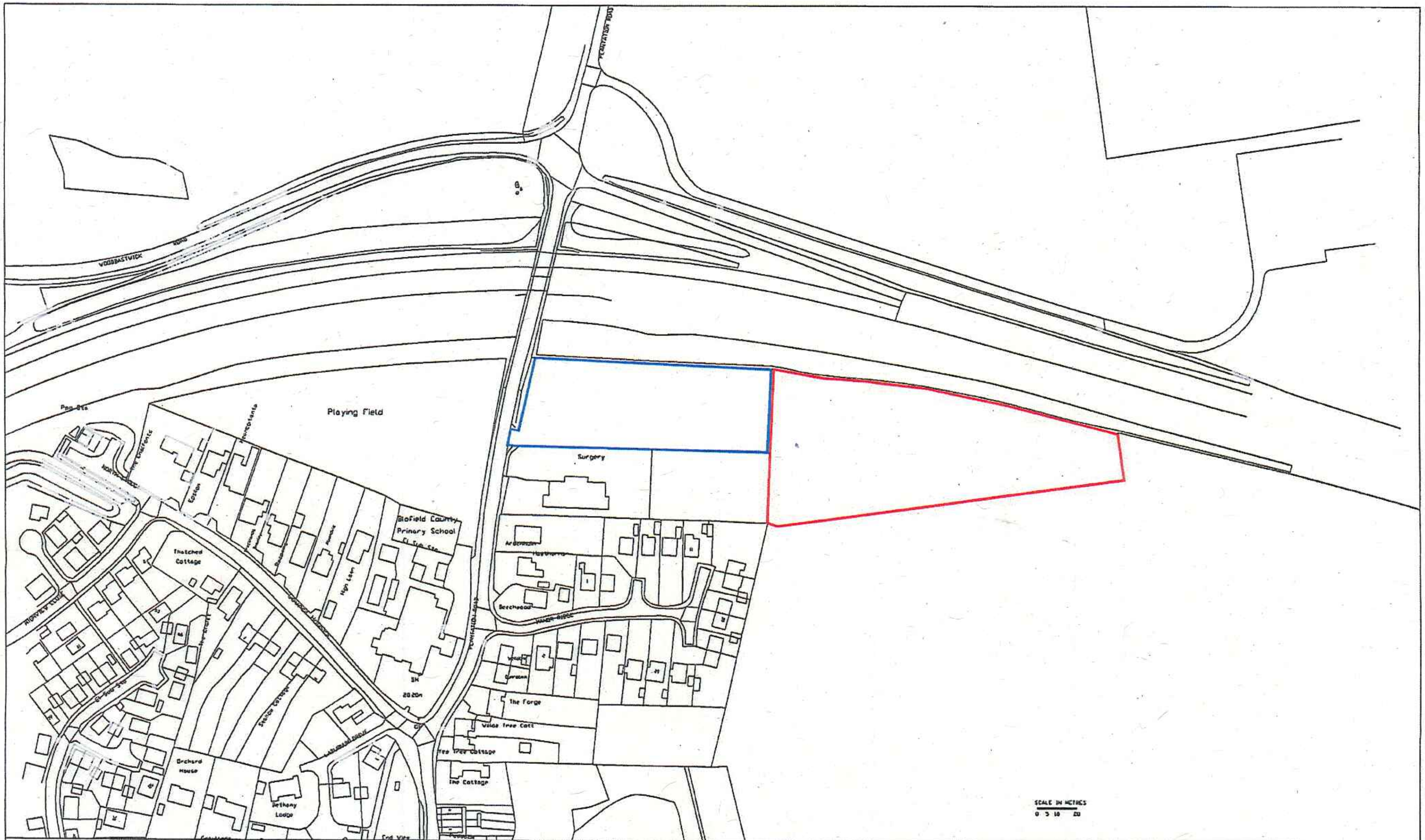

REV	DATE	DESCRIPTION

Plan No. PA07/25290/001

Scale 2500 @A4

Date: June 2014

DRAWN BY	RG
CHECKED BY	AS

Title. Location Plan

Address. Land East of Plantation Raod Blofield Norfolk

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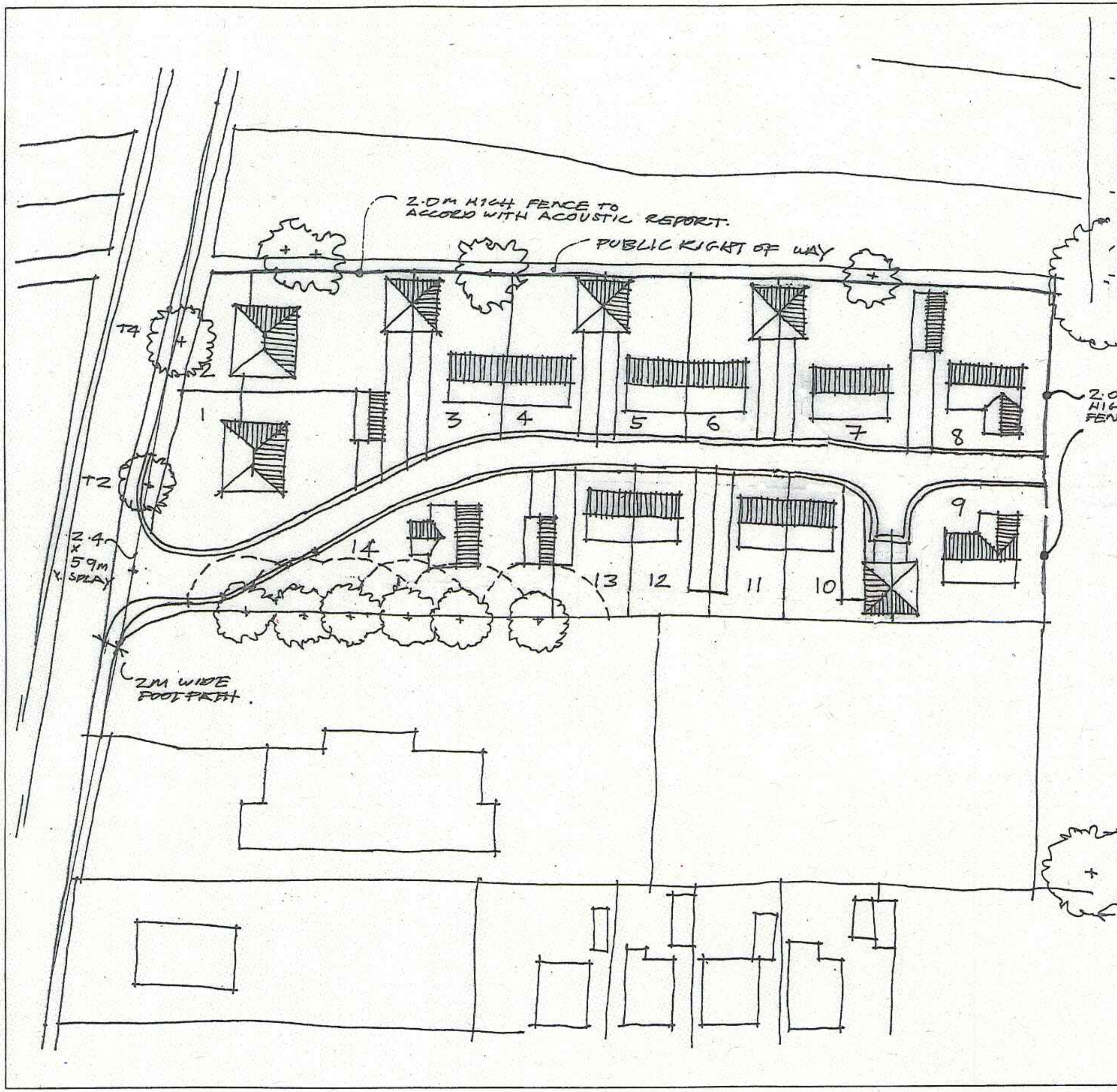

Drawing issue status:
PRELIMINARY☐ CLIENT APPROVAL☐ PLANNING☐
BUILDING REGS☐ TENDER☐ CONSTRUCTION☐ AS-BUILT☐

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SCALE IN METRES

0 5 10 20

Notes

- New footpath along plantation road frontage
- Plot 1-8 single storey scale dwellings
- Plot 9-14 two storey scale dwelling
- 2.0m high close boarded fence on northern boundary
- All plots to provided with shed/bike storage & space for three bins in rear gardens
- Driveways with permeable surfaces
- Lift canopy to T2 & T4 as necessary

REV	DATE	DESCRIPTION
B	13/6	REV ACCESS /SITING PLOTS 9-13

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PROJECT			CLIENT
Land East of Plantation Road, Blofield, Norfolk Proposed Residential Development			NCC
SUBJECT	DATABASE	DATE	SCALE
Indicative Layout			1:500
PROJECT NR / DRAWING NR	REV	DRAWN	CHECKED
PA07/25290T 04	B	MP / RG	AS