

Policy and Resources Committee

Minutes of the Meeting Held on Monday 26 January 2015
10:00am Edwards Room, County Hall, Norwich

Present:

Mr G Nobbs (Chair)

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

MR T Garrod
Mr D Harrison
Mrs J Leggett
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Dr M Strong

Substitute Members Present:

Mr B Borrett for Mrs S Gurney
Mr C Jordan for Mrs A Thomas

Other Members Present:

Mr R Bearman
Dr A Boswell
Mr R Coke
Mr H Humphrey
Mr J Joyce
Ms A Kemp

Mr P Smyth
Mrs M Somerville
Mr B Watkins
Mrs C Walker
Mrs S Whitaker
Mr T White

1. Apologies

- 1.1 Apologies for absence were received from Mrs S Gurney and Mrs A Thomas.

2 Minutes

- 2.1 The minutes of the previous meeting held on 1 December 2014 were confirmed by the Committee and signed by the Chairman.
- 2.2 It was noted that Members awaited a response regarding the final bullet point at paragraph 13.2 of the minutes.

3 Declarations of Interest

- 3.1 There were no declarations of interest

4 **Items of Urgent Business**

4.1 There were no items of urgent business.

5 **Local Member Issues**

5.1 There were no local member issues.

6 **2014-15 Revenue Monitoring Reports –Month 8**

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

6.2 The Committee **RESOLVED** -
To note the following:

- Revenue expenditure was forecast to underspend by £0.328m on a net budget of £308.397m.
- General Balances were forecast to be £19.000m at 31 March 2015, before taking into account the forecast underspend.

7 **2014-15 Capital Monitoring Reports –Month 8**

7.1 The annexed report (7) by the Executive Director of Finance (Interim) was received.

7.2 The Committee **RESOLVED** -
To note the following:

- 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 scheduled and the impact on the capital receipts reserve, summarised in Section 4 of Annex A of the report and further detailed in Appendix 5.
- The impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2 of the report.

8 **Strategic and Financial Planning 2015-18**

8.1 The annexed report (8) by the Executive Director of Resources and the Executive Director of Finance (Interim) was received.

8.2 The Committee received a report that contained proposals that contributed towards the County Council setting a legal budget for 2015/16 which saw its total resources of £1.4billion focussed on meeting the needs of residents.

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

- Mr D Harrison said that following the intervention of the Managing Director to delay the implementation of car parking changes at County Hall the Efficiency Review Group which he chaired had re-examined all the issues that were associated with staff car parking. This was because the County Council had to make savings of £440k next year on the cost of employment, which covered things like car parking and employee terms and conditions. The Efficiency Group recognised that doing nothing about the car park was not an option. The Group wanted additional ways of making savings on staff-related travel to be examined, and had asked the Managing Director to bring a range of options back to Policy and Resources Committee as swiftly as possible, looking at a combination of the following:
 - Introducing a second non-parking day
 - The potential for savings to the County Council and to individuals arising from the drop in fuel prices
 - Reintroducing the Harford shuttle bus
 - A revamped pool car scheme which was practical for people needing cars for work
 - A charge which contributed to the cost of running the car park – but took account of the impact on lower paid staff.
- It was pointed out that the saving that would arise from reducing the cost of employment remained unchanged from that set out at reference 1d on page 119 of the agenda .
- Some Members were of the view that not all of the savings identified in the report were deliverable. They said that the budget was drawing on one-off funding and use of reserves for which alternatives would be required in future years.

8.4 The Committee **RESOLVED** by nine votes in favour and with 8 abstentions:

- To agree the findings of public consultation.
- To agree the findings of equality and rural assessment, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:
 - Eliminate discrimination, harassment, victimisation and any other conduct that was prohibited by or under the Act;
 - Advance equality of opportunity between persons who shared a relevant protected characteristic and persons who did not share it;
 - Foster good relations between persons who shared a relevant protected characteristic and persons who did not share it.
- To agree and to recommend a budget to Council for those services within the remit of the Policy & Resources Committee as set out in Appendix A of the report and any associated risks and issues. It was noted that these would form part of the Committee's consideration of recommendations from service committees to enable it to recommend a sound, whole-Council budget to Full Council on 16 February 2015.

9 **Consideration of Revenue and Capital Budget 2015-18**

At this point in the proceedings Mr T FitzPatrick said that while he appreciated that there were very tight deadlines for the production of the budget reports these reports should have been made available to Members earlier than they were.

In reply the Chair said that while he understood and shared Mr FritzPatrick's concern several important changes outside of the control of officers had intervened in the last few weeks to create a shifting financial context for the County Council in which officers were unable to put together the reports any earlier than they had.

9 i 2015-16 Budget: Summary Report from the Managing Director

9.1.1 The annexed report (9i) by the Managing Director was received.

9.1.2 The Committee received a report that provided a summary of the strategic and financial issues facing Norfolk County Council for when it set a budget for 2015-16 and considered subsequent years.

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

- In explaining the various budget reports that formed part of item 9 of the agenda the Managing Director said that the position that Norfolk County Council found itself in was not unique; the financial year 2015/16 would be a difficult one for many Councils up and down the country.
- The Managing Director said that the updated financial position showed revenue from Council Tax was better than expected. An additional £10m had been collected due to an increase in the collection fund and in the tax base.
- The Council's financial position was, however, finely balanced. A balanced budget was being recommended which aimed to continue to make improvements in Children's Services and to mitigate against the pressures in adult social services.
- The Chair said that this was an extraordinary situation to be in when the cut in government funding and other issues were taken into account.
- The Executive Director of Finance (Interim) said that the current level of Council reserves was higher than at this same time last year.
- Some Members expressed concern about the use of earmarked reserves to fill the shortfall in the budget. They said that by taking money from reserves for 2015/16 the Council could find that it had limited funds available for the use of the transformation project from April 2016 which was essential to prevent future overspends in Adult Social Services and in Children's Services.
- Some Members said that the Adult Social Care Committee had recognised the need for the Council to consider a whole Council approach to the use of reserves to fund budget reductions and that this should have been explained in the budget reports.
- It was noted that Member budget workshops would be held in March 2015 that were aimed at "reimaging" the Council's role and service design in order to reduce expenditure.

9.1.4 The Committee **RESOLVED:**

To note the report

9.ii Results of Public Consultation, and Equality and Rural Assessments

9.2.1 The annexed report (9 ii) by Head of Business Intelligence and Performance Service and Corporate Planning and Executive Director of Finance (Interim).

9.2.2 The Committee received a report that set out details of the Council's ambition and priorities for 2015-18 and the associated planning context, the findings of public consultation on the savings proposals for 2015-16 and the findings of rural and equality assessments on the savings proposals for 2015-16.

9.2.3 It was noted that while there were fewer responses to the public consultation than in the previous year there were fewer proposals to consult on which also equated to a smaller total amount of savings. A lot of time and effort had been put into analysing the responses and this information was useful for future service planning. The consultation was not only a legal requirement but also beneficial to the Council in showing that it was talking to the people of Norfolk.

9.2.4 The Committee **RESOLVED:**

- To note the findings of public consultation;
- To agree the findings of equality and rural assessment, and in doing so, noted the Council's duty under the Equality Act 2010 to have due regard to the need to:
 - Eliminate discrimination, harassment, victimisation and any other conduct that was prohibited by or under the Act;
 - Advance equality of opportunity between persons who shared a relevant protected characteristic and persons who did not share it;
- To note the findings of equality impact assessments (detailed in Appendix B of the report), and rural impact assessments (detailed in Appendix C of the report) and agree the mitigating actions for each assessment that were set out in the report.

9 iii County Council Budget 2015-18: Revenue Budget 2015 – 18

9.3.1 The annexed report (9 iii) by the Executive Director of Finance (Interim) was received.

9.3.2 The Committee received a report that set out the detailed revenue budget proposals covering 2015-16 and the different options for proposed level of Council Tax/Precept for 2015-16. The report was one of a suite of reports that supported decisions on the budget recommendations to County Council. This report was prepared on the basis of a Council Tax freeze.

- 9.3.3 The Executive Director of Finance (Interim) asked the Committee to reach a decision as to whether the Council's 2015-16 budget should include a Council Tax freeze (as shown at Annex D1 of the report) before it examined the different options that were set out in the report to deliver the proposed savings.
- 9.3.4 The Committee **RESOLVED:**
- To note the comments of the Section 151 Officer, at paragraphs 5.1 to 5.2 and 6.5 to 6.8 of the report, on the financial impact of an increase in Council Tax, as set out in paragraph 5.6 of the report, and to confirm the assumption that the Council's 2015-16 budget would include a Council Tax freeze (shown at Annex D1 of the report).
- 9.3.5 The Committee then received on the table extract copies of the unconfirmed minutes of the Service Committees in respect of Service and Budget Planning for 2015-18.
- 9.3.6 Mr T FitzPatrick said that while he appreciated that there had been very tight deadlines for the production of feedback from service committees the feedback should have been circulated to Members in advance of the meeting.
- 9.3.7 After a 10 minute adjournment in the meeting in order for Members to read the unconfirmed Service Committee minutes the Committee Chairs gave verbal updates on the main issues from each of the service committees.
- 9.3.8 The following key points were made In relation to EDT:
- The increased revenue from County Farms had been pooled into the budget for the County Council.
 - The EDT Committee had requested the Policy and Resources Committee endorse a resolution about "Improvements to A47" and had recommended that the Council allocate £1m to support the Council's objectives to dual the Acle Straight. **The Policy and Resources Committee endorsed this resolution from the EDT Committee and that this is funded from EDT earmarked reserves in order for it to be forwarded onto the Council.**
- 9.3.9 The following key points were made In relation to Communities Committee:
- It was noted that the £450,000 which related to Fire Service savings was outside of the direct control of the Fire Service, resting instead on other Departments using fire premises.
 - Mr B Borrett said that he was concerned about the risks that were associated with achieving this level of saving within the Fire Service. He said that the Policy and Resources Committee should not look to continue to reduce reserves as part of the financial plan and should allocate the savings of the Fire Service which were outside of their control to finance general and compensate the Fire Service accordingly.
 - Mr B Borrett also suggested that the Chief Officers Group should take on responsibility for achieving the Fire Service savings. In reply, officers said that other departments (such as Resources) had in the past been in a

similar situation and that individual managerial responsibility for achieving savings should remain within service departments.

9.3.10 The following key points were made In relation to Adult Social Care Committee:

- Some Members echoed the concerns expressed at Adult Social Care Committee about a situation in which the reduction of transport for service users impacted more heavily on older and rural based service users in areas of the county where public transport and other alternatives were unavailable.
- It was noted that the Department intended to use the forthcoming financial year to understand the impact of the reduced transport budget and once this was known, the transport budget could be reviewed.

9.3.11 The following key points were made In relation to Children's Services Committee:

- All those who served on the Children's Services Committee were working together to ensure that the forward strategy for Children's Services linked with the essential financial plans.
- Through hard work and changes Children's Services was on track to be seen as effective in the next few years.

9.3.12 In response to more general Member questions about the revenue budget, it was noted that the arrangement for the use of the Council Tax discount on second homes (set out in paragraph 7.2 on page 24 of the agenda) was agreed as part of last year's Council's budget.

9.3.13 The Committee **RESOLVED** by nine votes in favour and with 8 abstentions:

To recommend to County Council:

- An overall County Council Net Revenue Budget of £318.239m for 2015-16, including budget increases of £99.242m and budget decreases of £89.400m as set out in Table 3 of this report and the actions required to deliver the proposed savings.
- The budget proposals set out for 2016-17 and 2017-18, including authorising Chief Officers to take the action required to deliver budget savings for 2016-17 and 2017-18 as appropriate.
- With regard to the future years, further plans to meet the budget shortfall for 2016-17 and 2017-18 are urgently developed and brought back to Members before June 2015.
- That the Executive Director of Finance be authorised to transfer from the County Fund to the Salaries and General Accounts all sums necessary in respect of revenue and capital expenditure provided in the 2015-16 Budget, to make payments, to raise and repay loans and to invest funds.

9 iv County Council Budget 2015-18: Statement on the Adequacy of Provisions and Reserves 2015-18

9.4.1 The annexed report (9 iv) by the Executive Director of Finance (Interim) was

received.

- 9.4.2 The Committee received a report that detailed the County Council's reserves and provisions, including an assessment of their purpose and expected usage during 2015-18. It included an assessment of the Council's financial risks that should be taken into consideration in agreeing the minimum level of General Balances held by the Council.

- 9.4.3 In the course of discussion the following key points were made:

- The changes in general balances and in earmarked reserves were set out in Table 3 at paragraph 5.2 of the report.
- The Executive Director of Finance (Interim) said that the use of earmarked reserves was part of normal financial planning and that it was not possible to generate savings in future years without the use of reserves.
- The figure for the Waste Management Partnership Fund (mentioned at page A79 of the agenda) would be corrected to take account of a clerical error.
- It was noted that "insurance reserves" (mentioned on page A80 of the agenda) and "insurance provisions" (mentioned on page A81 of the agenda) were separate budget headings. "Insurance provisions" related to insurance claims, some of which could take a long-term to settle.

- 9.4.4 The Committee **RESOLVED**:

- To note the planned reduction in non-schools earmarked and general reserves of just under 58%, from £114m (March 2014) to £48m (March 2018) (paragraph 5.2), which were almost the same as last year (as at February 2014);
- To note the updated policy on reserves and provisions in Appendix C;
- To agree, based on current planning assumptions and risk forecasts set out in Appendix D of the report:
 - for 2015-16, a minimum level of General Balances of £19.2m, and
 - a forecast minimum level for planning purposes of 2016-17, £23.4m, and 2017-18, £22.1m as part of the consideration of the budget plans for 2015-18, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;
- To agree the use of non-school Earmarked Reserves, as set out in Appendix E of the report;
- To agree that the Executive Director of Finance further reviewed the level of the Council's Reserves and Provisions as part of closing the 2014-15 accounts in summer 2015.

9 v County Council Budget 2015-18: Robustness of Estimates

- 9.5.1 The annexed report (9 v) by the Executive Director of Finance (Interim) was received.

- 9.5.2 The Committee received a report that set out the Executive Director of Finance's statement on the robustness of the estimates used in the preparation of the

County Council's budget that affected the recommended level of general balances held when recommending the revenue budget and capital programme.

9.5.3 The Committee **RESOLVED** by nine votes in favour and with 8 abstentions:

To agree the level of risk and set of assumptions set out in this report that underpin the revenue and capital budget decisions and planning for 2015-18.

9 vi Capital Strategy and Programme 2015-18

9.6.1 The annexed report (9 vi) by the Executive Director of Finance (Interim) was received.

9.6.2 The Committee received a report that introduced the proposed capital programme for 2015-18, to be considered and recommended for approval to the County Council.

9.6.3 The Executive Director of Finance (Interim) withdrew the final recommendation in the officer report which related to a long term strategy to apply capital receipts to fund unsupported projects, including the unfunded element of the NDR, as set out in Table 8 of the report. In reply to questions, the Executive Director of Finance (Interim) assured Members that there would be an opportunity for them to discuss this long term strategy at a future meeting. However, before the Committee could decide on this matter a greater understanding was required from the government about what the strategic infrastructure fund should be used for and how this fund could be spent.

9.6.4 The Committee **RESOLVED** by nine votes in favour and with 8 abstentions:

- To agree the proposed 2015-18 capital programme of £438.933m;
- To refer the programme in Appendix A of the report to the County Council for approval, including the new and extended capital schemes outlined in Appendix B;
- To agree the prioritisation model in Appendix C of the report;
- To agree the Capital Strategy at Appendix D of the report as a framework for the prioritisation and continued development of the Council's capital programme;
- To agree to recommend to the County Council the Minimum Revenue Provision statement attached at Appendix E of the report;
- To agree to recommend to the County Council the Prudential Indicators in Appendix F of the report;
- To note the new capital grant settlements for 2015-16 set out in Section 4 of the report;
- To note the estimated capital receipts to be generated over the next three years and beyond to support those schemes not funded from other sources, as set out in Table 6 of the report;

9 vii County Council Budget 2015-18: Medium Term Financial Strategy 2015-18

- 9.7.1 The annexed report (9 vii) by the Executive Director of Finance (Interim) was received.
- 9.7.2 The Committee received a report about the Medium Term Financial Strategy (MTFS) covering three years 2015-16 to 2017-18 that brought together all of the elements that were considered as part of the robust planning process for a sustainable and prudent future for the services that Norfolk County Council provided or commissioned for the people of Norfolk, and how these services would be financed.
- 9.7.3 The Committee noted that recommendation 2.ii in the officer report which related to a long-term strategy for applying the capital receipts to fund the unsupported element of the NRD had been withdrawn.
- 9.7.4 Mr J Dobson moved duly seconded by Mr T FitzPatrick:
- “That in order to ensure that Members’ concerns in the area of efficiencies/service priorities are properly represented in the light of the severe additional financial pressures facing the Council in the short/ medium term a Chief Officers’ Advisory Group should be set up forthwith on the same lines as the now defunct Leader’s Advisory Board.”
- 9.7.5 On being put to the vote there were 8 votes in favour of the motion and 8 votes against (with one recorded abstention from Mr Agnew). On the casting vote of the Chair the motion was declared **LOST**.
- 9.7.6 The Committee **RESOLVED** by 9 votes in favour and with 8 abstentions:
- To note the comments of the Section 151 Officer, set out in paragraphs 1.6 and 4.3- 4.6 of the report, on the implications of a Council Tax freeze; and
 - To agree the Medium Term Financial Strategy 2015-18, including the policy objectives to be achieved:
 - Revenue: – To identify further funding or savings for 2016-17 and 2017-18 to produce a balanced budget 2015-18, in accordance with the timetable set out in the Revenue Budget report; and – In subsequent years, to identify funding or savings for all three years (2016-19) to produce a balanced budget.

10 Annual Investment and Treasury Strategy 2015-16

- 10.1 The annexed report (10) by the Executive Director of Finance (Interim) was received.
- 10.2 The Committee received a report that, in accordance with regulatory requirements, presented the Council’s investment and borrowing strategies for 2015-16, including the criteria for choosing investment counterparties.
- 10.2 The Committee **RESOLVED**:
- To endorse and recommend to County Council; the Annual Investment and Treasury Strategy for 2015-16, including the treasury management Prudential Indicators detailed in Section 8 of the report.

11 Norfolk County Council Capital Constructor's Framework Renewal

- 11.1 The annexed report (11) by the Executive Director of Finance (Interim) and Interim Head of Property was received.
- 11.2 The Committee received a report that stated the current capital construction partnering framework was due to conclude in September 2015 and in order for a new framework to be implemented, procurement needed to commence shortly to ensure continuity of provision.
- 11.3 Mr A Proctor suggested that there should be four or five constructors for Lot 2 of the partnering construction framework (complex projects). In reply the Head of Property suggested that a decision on this matter should be reached at a later date, based on the responses that officers received to the procurement questionnaire.
- 11.3 The Committee **RESOLVED:**
- That the procurement of a partnering construction framework be authorised, structured to deliver all significant (greater than £300,000) construction works on behalf of Norfolk County Council, to be ready for implementation around September 2015, with the following characteristics:
 - That the framework have the ability to be utilised by other publicly funded bodies
 - That the framework have at its heart the aim of supporting the local economy and aiding the achievement of Norfolk's and other publicly funded organisations' ambitions and priorities.
 - That the framework have two lots. Lot 1 (simple projects): £300k – £3m with five to six constructors. Lot 2 (complex projects): £3m+ with the number of constructors to be decided at a later date, based on the responses to a procurement questionnaire.
 - That no further consultation was required further to the Public Contracts (Social Value) Act 2012.
 - That Committee delegate to Heads of Procurement and Property the finer details of Framework design, including the finer details of the OJEU evaluation model, but that the award decision be retained by Policy and Resources Committee.

12 NDR – Acquisition of “The Railway Crossing” at Thorpe End

- 12.1 The annexed report (12) by Managing Director of NPS Property Consultants Ltd was received.
- 12.2 The Committee received a report that stated the County Council had accepted a Blight Notice in respect of the property known as “The Railway Crossing” at

Thorpe End in June 2014.

12.3 The Committee **RESOLVED:**

To agree the terms set out in the report for the Acquisition of “The Railway Crossing” property at Thorpe End.

The meeting concluded at 12.35 pm

CHAIRMAN



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