Norfolk County Council

Policy and Resources Committee

Date:	**Monday, 21 March 2016**
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 Castle
Mrs H Cox
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Mackie
Mr I Monson
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

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

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.

Agenda

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

2. Minutes **(Page 5)**
To agree the minutes from the meeting held on 8 February 2016

3. Members to Declare any Interests

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

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

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

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

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

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

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

5. 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 16 March 2016**

Section A – Items for Discussion and Decision/Action

6	**Revenue Budget 2016-17 – Allocation of Transitional Funding and Rural Services Delivery Grant** Report by Executive Director of Finance	**(Page 20)**
7	**Managing Director's Strategic Update: Devolution for the East** Verbal Update.	
8	**Performance Monitoring Report** Report by Head of Business Intelligence and Corporate Planning.	**(Page 23)**
9	**NORSE Governance Review** Report by Executive Director of Finance and Head of Law	**(Page 43)**
10	**Second Enterprise Zone – Establishment of New Anglia "Space to innovate"** Report by Executive Director of Finance	**(Page 63)**
11.	**Amendments to the Constitution**	
	(a) Review of Financial Standing Orders (FSOs) Report by Executive Director of Finance	**(Page 76)**
	(b) Recommendations from the Constitution Advisory Group held on 9 March 2016 Report by Executive Director of Resources	**To follow**
12.	**Direct Property Development** Report by the Executive Director of Finance	**To follow**

Section B – Items for Report

13.	**Finance Monitoring Report Period 10 – January 2016** Report by Executive Director of Finance	**(Page 113)**
14.	**Delivering Financial Savings 2015/16** Report by Executive Director of Finance	**(Page 147)**
15.	**Decisions Taken Under Delegated Authority** Report by Managing Director	**(Page 181)**
16.	**Exclusion of the 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 authors and is recommended to confirm the exclusion.

17 Decisions Taken Under Delegated Authority – Exempt Appendix **(Page 184)**
Report by Managing Director

18 Exemption from Contract Standing Orders in Respect of Mental Health Block Contracts **(Page 185)**
Report by the Director of Adult Social Care

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: 11 March 2016

IN TRAN communication for all

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

Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 8 February 2016
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chair)

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

Substitute Members present:
Mr J Childs for Mr M Baker

Members Present:

Mr R Coke
Mr J Joyce
Mr P Smyth
Mrs C Walker
Ms S Whitaker
Mr B Bremner
Ms A Kemp
Mr H Humphrey
Mr J Timewell
Mr B Spratt

1.1 Apology for Absence

1.2 An apology for absence were received from Mr M Baker.

2A **Minutes**

2A.1 The minutes of the previous meeting held on 30 November 2015 were confirmed by the Committee and signed by the Chairman.

2B **Leader's Announcements**

2B.1 The Chairman said that, following the disruption to the Council's internet service on Thursday 4 February 2016, he had asked for a briefing on the reasons for this and its impact to be provided for the Committee at the end of today's agenda. This can be found at Appendix A to these minutes.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4. **Item of Urgent Business**

4.1 There were no items of urgent business.

5 **Local Member Issues**

5.1 **Question from Mr Jonathan Childs:**

Please can you confirm that Gorleston and Great Yarmouth Fire Stations will stay as they are with the same shift pattern and cover?

5.2 **Answer by the Chairman:**

Subject to whatever is agreed at today's meeting, cover will not be downgraded in Great Yarmouth, Gorleston or King's Lynn.

6 Agreeing a 3 Year County Council Strategy – Re-imagining Norfolk and Revenue and Capital Budget 2016-19

6.i Re-Imagining Norfolk – the County Council Plan

6.i.1 The annexed report (6.i) by the Managing Director was received.

6.i.2 The Committee received a report by the Managing Director that provided strategic direction for the Council and to guide and shape choices about investments and priorities for the coming medium term period 2016-2019.

6.i.3 Cllr Jordan stated that his group would be abstaining on the strategy because they had not had sufficient input into its formulation.

6.i.4 Other Members' spoke about the importance of the County Council's continuing focus on supporting vulnerable people and targeting interventions at the people who most needed help and support. They stressed the importance that the Council would attach to the work of the "Troubled Families" team in providing targeted family support and in raising the profile of professional social workers through the "Stand Up for Social Workers Campaign".

6.i.5 Members also spoke about the excellent work undertaken by the Norfolk Youth Parliament and in particular its current campaign to help young people reaching adulthood to feel equipped to make life choices and to take responsibility for themselves and their future.

6.i.6 **RESOLVED** (by 6 votes to 0 and with 10 abstentions)**:**

To note:

1. the overall County Council Plan as set out in the report;
2. the whole-council improvement areas, including the targets set out in Appendix 1 to the report.

6.i.7 **RESOLVED to Recommend to Council:**

3. Re-Imagining Norfolk – the County Council Plan, for approval.

6.ii The results of Public Consultation, and Equality and Rural Assessments of the savings proposals for 2016-17

6.ii.1 The annexed report (6.ii) by the Head of Business Intelligence and Performance Service and Corporate Planning and the Executive Director of Finance was received.

6.ii.2 The Committee received a report that set out the findings of public consultation and rural and equality impact assessments that supported Members in making decisions about the service and financial planning 2016-2019.

6.ii.3 Members spoke about the value of the public consultation exercise, particularly in that it had included seven accessible events. This had involved direct contact with groups of service users who were likely to be directly affected by the savings proposals. Members also spoke about the importance of the attempts that were being made to address the intergenerational divide in Norfolk's society and reach out to children and young people and encourage them to comment on the savings proposals either to the Council directly or through the work that the Council was doing with the Norfolk Youth Parliament.

6.ii.4 Members drew attention to the range of views that had been expressed during the public consultation exercise against the changes in the Historic Environment Service (HES); with many of the responses emphasising the high quality and value of the HES, Members were pleased to note that no changes in this service were now being proposed.

6.ii.5 **RESOLVED:**

To note:

1. the findings of public consultation;
2. the Council's duty under the Equality Act 2010 to have due regard to the need to:
    a. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
    b. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
    c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
3. the findings of equality impact assessments and rural impact assessments

and agree to the mitigating actions for each assessment, as set out in Appendix 1 to the report.

6.iii Minimum Revenue Provision Policy 2015-16 (revision) and 2016-17

6.iii.1 The annexed report (6.iii) by the Executive Director of Finance was received.

6.iii.2 The Committee received a report by the Executive Director of Finance that explained the Council's minimum revenue provision (MRP) policy that was set each year by the County Council. The revised policy that was reported to the Committee, if approved, would release revenue to support the revenue budget, without compromising the Council's responsibility to set aside amounts sufficient to re-pay its debt.

6.iii.3 In answer to questions, the Executive Director of Finance said that the proposed MRP policy changes would result in all Council debt paid in line with current maturities and would not result in more long term borrowing. The effect of increasing cash balances and low interest rates meant that the Executive Director of Finance could see no reason for an increase in the Council's borrowing in the foreseeable future.

6.iii.4 **RESOLVED:**

1. to approve the revised 2015-16 Minimum Revenue Provision statement set out in Appendix 2 to the report, to be applied in 2015-16 and 2016-17;
2. to note that the policy is approved annually by County Council and
3. to note that the policy will be scrutinised annually by the Treasury Management Panel before passing to the Policy and Resources Committee for further debate, to ensure the policy continues to reflect the needs of the authority.

6.iv Annual Investment and Treasury Strategy 2016-17

6.iv.1 The annexed report (6.iv) by the Executive Director of Finance was received.

6.iv.2 The Committee received a report by the Executive Director of Finance that, in accordance with regulatory requirements, presented the Council's investment and borrowing strategies for 2016-17, including the criteria for choosing investment counterparties.

6.iv.3 **RESOLVED to endorse and recommend to County Council:**

The Annual Investment and Treasury Strategy for 2016-17, including the treasury management Prudential Indicators detailed in Section 8 of the report.

6.v **County Council Budget 2016-17 to 2019-20: Revenue Budget 2016- 17**

6.v.1 The annexed report (6.v) (with the first and the second of the supplementary agendas) by the Executive Directors of Finance was received.

6.v.2 The Committee received a report by the Executive Director of Finance that set out the background to consideration of the 2016-17 Revenue Budget, initial growth and savings budget proposals for 2017-18 to 2019-20, and a proposal for the level of Council Tax in 2016-17.

6.v.3 Councillor Roper moved the recommendations and Councillor Proctor proposed that in 6.v.5 1. II (below) “will” be amended to “may”. This amendment was agreed. The Committee’s attention was drawn to the expenditure and savings proposals set out in tables 4 and 5 of the report that would achieve a broadly balanced budget. It was pointed out that these proposals were based on changes following the Service Committee meetings and on the assumption that Council Tax in 2016-17 would be increased by 3.99%, incorporating a general Council Tax increase of 1.99% and an increase of 2% in respect of the adult social care precept.

6.v.4 The Committee’s attention was also drawn to the work that the County Council was undertaking with the District Councils to review the position taken on Council Tax discounts across the county and the decisions taken by the ED&T Committee to use part of its capital budget to pay for some highway maintenance costs, to restore/reopen the recycling centres (mentioned in table 5 of the report) and no longer to go ahead with a redesign of the Historic Environment Service. It was suggested that the changes in the recycling centres should be publicised widely across the county, including on appropriate Parish Council notice boards.

6.v.5 **RESOLVED to recommend to County Council:**

1. That in noting the specific recommendations for budgets and saving proposals relating to the Policy and Resources Committee’s own budgets, as set out in Appendix F to the report, Policy and Resources Committee recommend to County Council:

a) An overall County Council Net Revenue Budget of £338.960m for 2016-17, including budget increases of £124.950m and budget decreases of £104.418m as set out in Table 7 of the report, and the actions required to deliver the proposed savings.

b) The budget proposals set out for 2017-18 to 2019-20, including authorising Chief Officers to take the action required to deliver budget savings for 2017-18 to 2019- 20 as appropriate.

c) With regard to the future years, that further plans to meet the remaining budget shortfalls in the period 2017-18 to 2019-20 are developed and brought back to Members during 2016-17.

d) Note the comments of the Section 151 Officer, at paragraph 2.13(b) and Appendix D of the report, on the financial impact of an increase in Council Tax, as set out in section 3, and confirm the assumptions that:

I. The Council’s 2016-17 budget will include a general Council Tax increase of 1.99% and a precept of 2% for Adult Social Care, and overall increase of 3.99% (shown at Appendix D of the report).

II. The Council's budget planning in future years may include Council Tax increases according to County Council requirements.

e) 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 2016-17 Budget, to make payments, to raise and repay loans, and to invest funds.

f) That the Executive Director of Finance be authorised to take appropriate steps to ensure that the Council is in a position to access the four-year allocations of funding set out in the Provisional Local Government Finance Settlement.

2. That Policy and Resources Committee recommend to Council the Integrated Risk Management Plan (IRMP) to County Council for approval, subject to the Chief Fire Officer and the Director of Community and Environmental Services amending the draft IRMP to reflect the outcomes of the Committee deliberations at this meeting.

6.vi County Council Budget 2016-17 to 2019-20: Statement on the Adequacy of Provisions and Reserves 2016-20

6.vi.1 The annexed report (6.vi) (with the first supplementary agenda) by the Executive Director of Finance was received.

6.vi.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 2016-20. The report 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.

6.vi.3 **RESOLVED to recommend to County Council:**

1. To note the planned reduction in non-schools earmarked and general reserves of 32.3%, from £87.7m (March 2015) to £59.3m (March 2020) (paragraph 5.3 of the report);
2. To note the policy on reserves and provisions in Appendix C to the report;
3. To agree, based on current planning assumptions and risk forecasts set out in Appendix D to the report:
   I. for 2016-17, a minimum level of General Balances of £19.2m, and
   II. a forecast minimum level for planning purposes of
      - 2017-18, £23.3m;
      - 2018-19, £25.7m; and
      - 2019-20, £26.2m

      as part of the consideration of the budget plans for 2016-20, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;

4. To agree the use of non-school Earmarked Reserves, as set out in Appendix E to the report;
5. To agree that the Executive Director of Finance further reviews the level of the Council's Reserves and Provisions as part of closing the 2015-16 accounts in summer 2016.

6.vii County Council Budget 2016-17 to 2019-20: Robustness of Estimates

6.vii.1 The annexed report (6.vii) (with the first supplementary agenda) by the Executive Director of Resources was received.

6.vii.2 The Committee received a report by the Executive Director of Resources that provided an analysis of the robustness of the estimates used in the preparation of the County Council's budget, which was reported elsewhere on the agenda.

6.vii.3 **RESOLVED to recommend to County Council:**

To agree the level of risk and set of assumptions set out in the report, which underpin the revenue and capital budget decisions and planning for 2016-20.

6.viii Capital strategy and programme 2016-20

6.viii.1 The annexed report (6.viii) by the Executive Director of Resources was received.

6.viii.2 The Committee received a report by the Executive Director of Finance that presented the proposed capital strategy and programme for 2016-19 including information on the funding available to support the programme.

6.viii.3 Dr M Strong proposed duly seconded by Mr C Jordan:

That Committee agree to the addition of £500k to the 2016/17 Capital Programme (Ref: 6 viii Capital Strategy & Programme 2016-20) for additional expenditure on the Better Broadband for Norfolk programme (BBfN), to service the hardest and most expensive to reach properties in the County.

The Committee agreed unanimously to this proposal.

6.viii.4 Dr Strong said that the BBfN "contract one" had almost doubled coverage in Norfolk enabling fibre broadband to over 80% of properties. She said that based on £5.3 million take-up rebate, and assuming all District Councils confirmed the allocations they made, thereby attracting Government match funding, then coverage was expected to increase to 95%. Underspend from contract one would further increase coverage. However there would remain a few percent of Norfolk properties without fibre. That percentage would remain because they would be the very hardest and most expensive to reach. The Government was aware that a small percentage of properties, across the country, might not obtain good broadband speeds via current technologies and therefore had work underway regarding alternative, new, viable technologies. Therefore an allocation of £500,000 capital that could be used in the future to address some if not all of the remaining properties with new technology would be most useful.

6.viii.5 The following advice from the Sec 151 Officer was noted:

The £500k capital expenditure in 2016/17 would not incur any Minimum Revenue Provision charge and would be unlikely to incur any borrowing costs due to the Council's current cash holdings (lost interest would be circa. £2k which could be accommodated within the existing Treasury budget). As such no additional revenue expenditure needed to be budgeted for in 2016/17.

For 2017/18 the additional MRP and interest charge would be circa £50k. If the amendment was approved the cost would be added to the MTFS for approval at Full Council.

6.viii.6 In reply to questions, the Executive Director of Resources confirmed that sufficient funding was available to meet the Council's three year capital programme, the details of which could be found in paragraph 4.3 of the report.

6.viii.7 **RESOLVED:**

1. To agree the proposed 2016-20 capital programme of £433.618m;
2. To refer the programme in Appendix A to the report to the County Council for approval, including the new and extended capital schemes outlined in Appendix B to the report;
3. To agree the prioritisation model in Appendix C to the report;
4. To agree the Capital Strategy at Appendix D to the report as a framework for the prioritisation and continued development of the Council's capital programme;
5. **To agree to recommend to the County Council** the Prudential Indicators in Appendix E to the report;
6. To note capital grant settlements summarised in Section 4 of the report;
7. 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 to the report.
8. That the Committee agree to the addition of £500k to the 2016/17 Capital Programme (Ref: 6 viii Capital Strategy & Programme 2016-20) for additional expenditure on the Better Broadband for Norfolk programme, to service the hardest and most expensive to reach properties in the County.

6IX County Council Budget 2016-17 to 2019-20: Medium Term Financial Strategy 2016-20

6IX.1 The annexed report (6.ix) by the Executive Director of Finance was received.

6IX.2 The Committee received a report by the Executive Director of Finance that set out details of the national and local context and framework for budget planning included in the Medium Term Financial Strategy (MTFS) covering the years 2016-17 to 2019-20. Members were asked to consider and agree the strategy as part of recommending the Revenue Budget and Capital Programme.

6IX.3 **RESOLVED to recommend to County Council:**

1. To note the comments of the Section 151 Officer, set out in paragraphs 7.5 and Appendix A to the report regarding the Government's assumptions about Council Tax increases;
2. To agree the Medium Term Financial Strategy 2016-20, including the two policy objectives to be achieved:
   - **I.** **Revenue**: To identify further funding or savings for 2017-18 to 2019-20 to produce a balanced budget in all years 2016-20, in accordance with the timetable set out in the Revenue Budget report.
   - **II.** **Capital**: To support the proposed long-term strategy to invest in the Council's assets while minimising the impact on the revenue budget.
3. To note the terms of the Government's offer of four year funding allocation certainty, and agree the MTFS proposals regarding the use of this certainty for the mutual benefit of residents and citizens as set out in the report.

7 **Acquisition of land at London Road, Attleborough for a new primary school building**

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

7.2 The Committee received a report at item 7 (together with an appendix containing exempt information at item 14) by the Executive Director of Finance and Executive Director of Children's Services about a new primary school site in Attleborough that was required to meet the County Council's statutory duty to provide sufficient pupil places across Norfolk. The acquisition would also provide the basis for a statutory reorganisation from infant/junior to all-through primary across the town, which was supported locally.

7.3 The Committee was asked to consider excluding the public from the meeting under Section 100A of the Local Government Act 1972 for consideration of the information contained in the appendix to the report (at item 14 on the agenda) on the grounds that it involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of the Schedule 12A to the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

7.4 Paragraph 3 concerned "information relating to the financial or business affairs of any particular person" (including the Authority holding the information).

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

The exempt appendix to the report covered the Council's proposals to acquire a site for a new school building, and the negotiations and discussions that had taken place with the landowner to date to agree terms and conditions for acquisition by the Council. The Council's residual negotiating position could be prejudiced if this report was available to the public. The landowner's commercial interests would be prejudiced, which was contrary to public interest.

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

7.6 The Committee was informed that the proposed land acquisition of the London road site at Attleborough would allow for the relocation of the existing infant school site and its reorganisation to primary as part of a town-wide reorganisation and that this site was favoured on educational, community and delivery grounds.

7.7 Representatives of NPS Property Consultants Ltd answered Members detailed questions about the comparative costs of the site options for the new school that were set out in the "exempt" section of the report. They commented in particular on the negotiated terms with the site owner of the preferred London road site (including "overage payments"), the evidence for the valuation of the site and other issues that had previously been considered by the Capital Priorities Group in November 2015. The Representatives of NPS Property Consultants Ltd also answered Members detailed questions about other sites with planning consent in the town that had development potential.

7.8 The Committee was informed that the local County Councillor and Attleborough Town Council supported both reorganisation from infant/junior to all-through primary across the town and the building of a new primary school.

7.9 It was confirmed that the major growth that was planned for the town would require further primary phase schools at some future date.

7.10 At this point in the proceedings the Public were invited to return to the Committee room and the Committee reached the decision set out below.

7.11 **RESOLVED**:

That Policy and Resources Committee approve acquisition of the London Road site on terms set out in the exempt section of the report at Item 14 on the agenda.

7.12 At this point in the proceedings Mr G Nobbs retook the Chair.

8 **Norwich Northern Distributor Road Land Acquisition**

8.1 The annexed report (8) by the Executive Director of Finance and Executive Director of Community and Environmental Services was received.

8.2 The Committee received a report by the Executive Director of Finance and the Executive Director of Community and Environmental Services that asked Members to approve a mechanism to agree land acquisition compensation decisions for the construction of the Norwich Northern Distributor Road.

8.3 **RESOLVED**:

That the Policy and Resources Committee adopt Option 2 (set out in paragraph 2.2 in the report) and, provided figures are monitored and remain within the available land acquisition budget of the approved Norwich NDR, delegate all land acquisition decisions for the NDR to the Executive Director CES in consultation with the Corporate Property Officer, Executive Director of Finance, County Council Leader and Chair of EDT Committee.

9 **Social Care Systems Re-procurement**

9.1 The annexed report (9) (with the second supplementary agenda) by the Executive Director of Resources and Executive Director of Adult Social Services was received.

9.2 The Committee received a report by the Executive Director of Resources and Executive Director of Adult Social Services that proposed to allow an exemption to Contract Standing Orders to extend the contract for the current CareFirst system to March 2018. The report also sought authority to permit a phased transition and to replace the current CareFirst social care system through a re-procurement process that would be in place by April 2018.

9.3 Members' were informed that the new system was being procured as a corporate project for Adults, Children's, Procurement and Finance departments and reports had been taken to the Adult Social Care Committee on 25 January 2016 and Children's Services Committee on 26 January 2016.

9.4 Members' stressed the importance of service committees being kept informed about "value for money" considerations for such a complex project that relied heavily on specialist external consultants during the development stage.

9.5 **RESOLVED**:

That the Committee:

a. Allow an exemption to Contract Standing Orders to extend the contract for the current CareFirst system to March 2018, to permit a phased transition;
b. Agree to the procurement of a replacement social care recording system that meets current and future business requirements, effectively
c. Agree the associated capital funding of £7.926m;
d. Note the need for up to one-off £0.478m project revenue funding for 2016/17, £0.914m for 2017/18 and £0.879m for 2018/19, for the corporate Social Care System re-procurement as part of the overall NCC budget. These are initial estimates for approval following further scrutiny and annual review, and
    1. **Recommend** that Council consider the funding of the project revenue requirement of up to £0.150m for 2015/16 and £0.479m for 2016/17 from the Council's Innovations Reserve
    2. **Recommend** Council consider the project revenue requirement of up to £0.914m for 2017/18 and £0.879m for 2018/19 be taken into account in the budget planning assumptions in the 2017/18 Medium Term Financial Strategy.

e. Add the risks associated with the transition to the Corporate Risk Register;
f. Receive the comments and recommendations from Adult Social Care and Children's Committees that are set out in the report.

10 Financial Savings/Monitoring Reports

10.A Finance Monitoring Report P8 November 2015

10.A.1 The annexed report (10.A) by the Executive Director of Finance was received.

10.A.2 The Committee received a report by the Executive Director of Finance that provided details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016, together with related financial information. The report also provided a brief commentary on Resources and Finance budgets which were the responsibility of this Committee.

10.A.3 The Executive Director of Finance explained that government grants and savings from department budgets were released at an uneven rate throughout the year and that he remained confident that the County Council would be able to achieve a balanced budget at the end of the current financial year.

10.A.4 **RESOLVED:**

To note:

1. The period 8 forecast Revenue overspend of £3.133m (previous period 7, overspend £4.280m, period 6 £5.743m) on a net budget of £318.428m, as set out in Appendix 1 to the report;
2. The forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
3. The forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2 to the report;
4. The revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 3 to the report.

10.B Delivering Financial Savings 2015/16- Month 8

10.B.1 The annexed report (10.B) by the Executive Director of Finance was received.

10.B.2 The Committee received a report by the Executive Director of Finance that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting on 16 February 2015.

10.B.3 The Committee's attention was drawn to the specific actions that were being taken to deliver the identified shortfall in savings that could be found in paragraph 2.8 of the report.

10.B.4 **RESOLVED:**

That the Committee note:

1. The forecast total shortfall of £13.431m in 2015-16, for which alternative savings need to be identified;
2. the budgeted value of 2015-16 savings projects rated as RED of £18.865m, of which £5.277m are now forecast to be delivered;
3. the forecast savings shortfall on AMBER rated projects of £0.204m;and
4. the forecast over-delivery of GREEN and BLUE rated projects totalling £0.361m.

11 **Notifications of Exemptions Under Contract Standing Orders**

11.1 The annexed report (11) by the Executive Director of Resources was received.

11.2 The Committee received a report by the Executive Director of Resources that set out the exemptions that had been made under paragraph 9.11 of Contract Standing Orders and that were over £250,000 and therefore needed to be notified to the Policy and Resources Committee since 1st October 2015.

11.3 **RESOLVED:**

1. That as required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee note the exemptions that had been granted under paragraph 9.11 of Contract Standing Orders by the Head of Procurement and Head of Law in consultation with the Chairman of Policy and Resources Committee that were over £250,000.
2. That a report notifying Policy and Resources Committee of relevant exemptions under paragraph 9.12 of the Council's Contract Standing Orders is submitted every 3 months.

12 **Decisions Taken Under Delegated Powers**

12.1 The annexed report (12) by the Managing Director was received.

12.2 Members' asked that future reports on property decisions taken under delegated authority include the costs of those decisions.

12.3 **RESOLVED:**

To note the report.

That Members' receive by email the costs of the decisions taken under delegated authority that are mentioned in the report.

13 **Exclusion of Public**

13.1 This was agreed at item 7 on the agenda.

14 **Acquisition of land at London Road, Attleborough for a new primary school building—Exempt Information**

14.1 This report was taken with item 7 on the agenda.

The meeting concluded at 12.15 pm

Chair

IN TRAN communication for all

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

Appendix A to the Policy and Resources Committee minutes of 8 February 2016 —Minute 2 B refers

Note from Kurt Frary ICT Infrastructure Services Manager ICT Shared Services

Summary of the incident
When and what?

On Thursday 4th February 2016 between 10:15 and 21:30 the Authority lost access to the internet which had a significant impact to the business.
Impact.

How the fault affected the authority
 All users with the exception of a few located at specific sites could not access
o Email
o Access to Online services
o Web Browsing
o The ability to make BACS payments

Unaffected
- www.norfolk.gov.uk
- Schools internet
- Telephony

The Fault
The network team took the following action
- Backed out all the changes
- Failed over to alternative network equipment
- Failed over to alternative network connections
- Routed our internet traffic over the working schools internet pipe

We currently believe the fault was due to a BT Managed security box that is designed to protect the Authority which was restricting outbound internet access incorrectly.
On discoverer BT removed part of the configuration and restored service.
Next steps
1. BT are to deliver a Major incident report which includes recommended actions with 5 Days.
2. We have implemented a change freeze for 7 days
3. Resilience team are facilitating a lessons learned session
4. We have already anticipated this scenario in the new design and it includes
a. Separate diverse resilient internet links
b. Separate Microsoft Office 365 resilient connection

Policy and Resources Committee

Item No 6

Report title:	**Revenue Budget 2016-17 – Allocation of Transitional Funding and Rural Services Delivery Grant**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**

Strategic impact

This note provides the Committee with an overview of the Transitional Funding and additional Rural Services Delivery Grant for 2016-17, with an outline timetable proposed for the process for agreeing the use of this funding in 2016-17.

Executive summary

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

Recommendation:

Policy and Resources Committee are asked to:

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

1. Details of Transition Grant and Rural Services Grant

1.1. The Final Local Government Settlement 2016-17 was confirmed by Parliament on 10 February 2016. No changes were made to the methodology for distributing the Settlement Funding Assessment (SFA – Revenue Support Grant and Baseline Funding Level). The key changes that Government announced were:

- additional Transitional Funding worth £150m in 2016-17 and 2017-18 "for councils with the sharpest reductions in Revenue Support Grant." The County Council's share of this funding is £1.602m in 2016-17 and £1.657m in 2017-18;

- additional funding as part of the Rural Services Delivery Grant, increasing the national allocation to £80.5m in 2016-17. Norfolk's share of the increase is £2.974m in 2016-17, bringing the total grant to be received to £3.957m next year; and
- a small reduction of £0.015m in the Council's New Homes Bonus Grant allocation.

1.2. These changes result in net additional funding from Government of £4.561m in 2016-17. The change from the Provisional Settlement is set out in the table below for 2016-17 and 2017-18.

Table 1: Changes in funding 2016-17 and 2017-18

	2016-17	**2017-18**	**Total**
	£m	**£m**	**£m**
<u>Changes</u>			
Rural Services Grant	2.974	1.475	**4.449**
Transition Grant	1.602	1.657	**3.259**
New Homes Bonus Grant	-0.015	-0.015	**-0.030**
Total	**4.561**	**3.117**	**7.678**

2. County Council Budget Decisions

2.1. The County Council budget set aside the additional funding for 2016-17 as transitional funding to manage business risk (see Revenue Budget[1] report table 4, County Council agenda page 118).

2.2. At the County Council meeting, it was noted that the late notice of the additional funding had made it inappropriate to propose the allocation of the funding in the time available, particularly in view of the fact that Service Committees had not had the opportunity to comment on their priorities for its use. However, the following parameters for the use of the additional funding were set out:

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

3. Key Budget Risk Areas

3.1. The Council faces a number of significant budget risks in 2016-17. It would therefore be prudent for the Council to retain some flexibility within the additional funding for 2016-17 in order to manage these risks. The key risks include:

- The outcomes of local Better Care Fund negotiations with the NHS;

[1] http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

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

4. Proposed Decision-Making Timetable

4.1. In order to allow Service Committees adequate time to develop robust proposals for the use of this additional funding, it is proposed that the following decision-making process and timetable be adopted:

- Service Committees to bring forward proposals in the **May 2016** committee round, taking into account the criteria set out at 2.2;
- Policy and Resources Committee to consider Service Committee proposals in the round on **31 May 2016** in order to recommend an overall package of activity; and
- County Council to consider and approve the recommendations of the Policy and Resources Committee on **25 July 2016**.

4.2. Although the timetable proposed here means that it will not be possible to put proposals before County Council until July 2016, it has not been considered feasible for Service Committees in March to consider fully developed and robust proposals for the use of this funding. The delay also means that there will be additional time for the Council to gain greater certainty about the likelihood and scale of additional costs arising from some of the key budget risks identified in section 3 above.

Background Papers

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

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Simon George	01603 222400	simon.george@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk

IN TRAN communication for all

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

Policy and Resources Committee

Item No. 8

Report title:	**Performance monitoring report**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Debbie Bartlett, Head of Business Intelligence and Corporate Planning**

Strategic impact

Robust performance management is key to ensuring that the organisation works efficiently and effectively to develop and deliver services that represent good value for money, deliver the Council's priorities, and improve outcomes for Norfolk people.

Executive summary

This report provides the latest performance position of services that are covered by this Committee, and brings together a summary of the most recent risk information which has previously been considered by the Audit Committee.

As previously reported, a refreshed comprehensive performance framework is imminent and there is a short update on progress following a series of Member workshops

In doing so it also presents each Committee's corporately significant 'Vital Signs' indicators. Vital signs have been developed to reflect better the Council's priorities, and the specific strategies that are overseen by each committee. Collectively the vital signs from all of the Committees designated as corporately significant should provide a balanced overview of the Council's main challenges, as well as progress against its key priorities.

Recommendation

- Review and comment on the performance and risk information in this report.

1. Overview

1.1. This report provides the latest performance position of services that are covered by this Committee, and brings together a summary of the most recent risk information which has previously been considered by the Audit Committee.

1.2. As previously reported, a refreshed comprehensive performance framework is imminent and there is a short update on progress following a series of Member workshops.

2. Performance of services reporting to Policy and Resources Committee

2.1. The performance headlines for services reporting to this Committee are:

- **Procurement** - stable performance in the proportion of spend made 'on contract' for the last three quarters, and ongoing reductions in orders placed retrospectively – evidencing an aspect of improved procurement practice.
- **Information management** - variable month-to-month performance in the timely resolution of freedom of information requests, but overall a steady improvement in the medium term. Most recent month's compliance is above 90%, significantly up from around 70% in mid-2014.
- **ICT** - variable rates of ICT calls - proportions of resolved and outstanding calls remain similar to previous reporting.

- **Human Resources** - stable staff sickness levels for both resources staff, and for the council as a whole. Current rates are on or near the target – this has reduced significantly since 2007/8.

More detail against these measures is included in the Performance Report Cards in Appendix A.

3. Key performance issues – Service Committees

3.1. During March, all Service Committees have reviewed Q3 performance data, information and analysis on an exception basis. The links to these reports can be accessed here:

Adults Committee March 7th 2016

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/478/Committee/10/Default.aspx

Communities Committee March 16th 2016

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/471/Committee/12/Default.aspx

Environment, Development and Transport Committee 11th March 2016

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/421/Committee/18/Default.aspx

Children's Committee March 16th 2016

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/460/Committee/8/Default.aspx

4. Risk Reporting and Management

4.1. The Corporate Risk Register has been updated as at March 2016. Since the risk register was last reported to this committee in October 2015, there have been a number of amendments that reflect the ongoing assessments and review of the risks that the Council manages. A copy of the Corporate Risk Register can be found in Appendix B.

4.2. Of the corporate risks, six risks have been added to the register including:

- Managing the spend on key transport services (home to school and adult social care)
- Embedding business continuity into the organisation
- Construction of the Northern Distributor Route within agreed budget
- Delivering a new social care system on time and to budget.

Adult Social Care Committee on March 7th 2016 requested that two risks previously removed from the corporate risk register in June 2015 should be re-instated. These related to the challenges of meeting long term needs of older people. Further work is required to review and refresh these risks to make sure that they are up to date and reflect current issues.

4.3. Since the previous Committee, further work has been carried out developing risk mitigations, and improvements have been made against original risk scores. One risk has been closed since October 2015 relating to the provision of reliable IT infrastructure.

4.4. Two corporate risks currently have a 'red' prospect of meeting target: managing spend on home to school transport and managing spend on adult social care transport.

5. Developing the new performance management system

5.1. Work has continued on a new performance management system in line with the approach set out and agreed by this Committee in October 2015.

5.2. Critical to the new arrangements is a set of 'vital signs' for each service which give Members insight into how well services are managing critical issues. As such, the vital signs are based on the following criteria:

- **Insightful and timely** – measuring the things that are tell us most about how the council is doing, and that can anticipate significant problems or improvements
- **Clearly aligned to priorities** – so it is obvious how the council can impact upon performance, and how that performance impacts on Norfolk citizens
- **They say something important about performance** – measuring something that matters to people, or that is important to the effective management or running of services
- **Technically correct and based on good quality data** – so that results can be trusted, and actions can be taken with confidence
- **Can be owned** – so it is clear who can impact on performance, and who has responsibility to report upon, explain and manage performance.

5.3. Member-led workshops have taken place throughout January and February which allowed Members to test and shape a set of vital signs against local priorities, and these have been considered by all Service Committees during March.

The intention is that this full set will be managed at a corporate level, and as such in future will be reported to this Committee. Appendix C sets out the full list, together with the rationale for their inclusion.

5.4. The workshop for Policy and Resources Committee (held on February 11th 2016) was two-fold – to examine a set of vital signs to measure the specific services which report into this Committee (finance, HR, procurement, ICT), and to consider measures of overall organisational health for the council as a whole. Organisational health indicators measure the extent to which the organisation is effective, efficient, resilient and sustainable.

The conclusion of discussions was that further work was needed, to find ways of measuring and evaluating the following themes:

- Efficiency and value for money.
- Whether the Council has got the right skills to achieve its priorities over the next 3-5 years.
- The Council's reputation with citizens, partners, and service users.
- The robustness of governance and accountability.
- Effectiveness of communications in broadening people's understanding of key aspects of the Council's work.

5.5. Alongside the formal measures within a performance framework, Members also felt they needed to be better equipped to respond to specific, but common, concerns voiced by local constituents. Examples included vulnerability to flooding, the impact of housing growth, and the need for people to be able to get around the county.

Whilst not performance measures per se, the ability of members to be able to respond and answer queries swiftly and accurately, is important to the reputation of the Council. A separate piece of work to follow this up will be undertaken.

5.6. At the workshops, Members also set out what would be important to them in a performance management system:

- **Aligned to the County Plan** and joined up with partners to give a whole system view
- A **higher priority in Committee agendas**, concentrating on issues that need Members' attention

- **Less but clearly focused information and analysis** which recognises different presentation preferences (graph / bulleted text), is clearly explained and in context, showing progress in important areas – enabling people to ask the right questions
- **Dashboard type presentation** to give an overview across the service
- **Linked to financial performance** to show the impact of the money spent
- Provide **timely information** as close to real-time as possible, perhaps with underpinning dashboards and information available on line at all times.
- **Benchmark performance** and compare our performance to that of our family group.
- Focus upon **measures that drive the right behaviours**
- **Collaboration between Members and Officers** between meetings, including opportunities for informal meetings about key performance areas and issues

5.7. It is proposed to bring a performance report to a later committee which introduces the new performance management system, incorporating vital signs and measures of organisational health.

6. Recommendation

6.1. Committee Members are asked to:

- Review and comment on the performance and risk information and analysis.

7. Financial Implications

7.1. There are no significant financial implications arising from performance dashboards or the suggested approach to performance management.

8. Issues, risks and innovation

8.1. Performance reporting brings together complex information in order to assist members with decision making and understanding of issues facing the organisation. Over time these will develop alongside Committee plans to drive a number of complex issues. They will help to monitor and manage issues and risks to the services we deliver.

9. Officer Contact

9.1. If you have any questions about matters contained please get in touch with:

Officer Name: Debbie Bartlett, Head of Business Intelligence and Corporate Planning

Tel No: 01603 222475

Email address: debbie.bartlett@norfolk.gov.uk

9.2.

IN TRAN communication for all

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

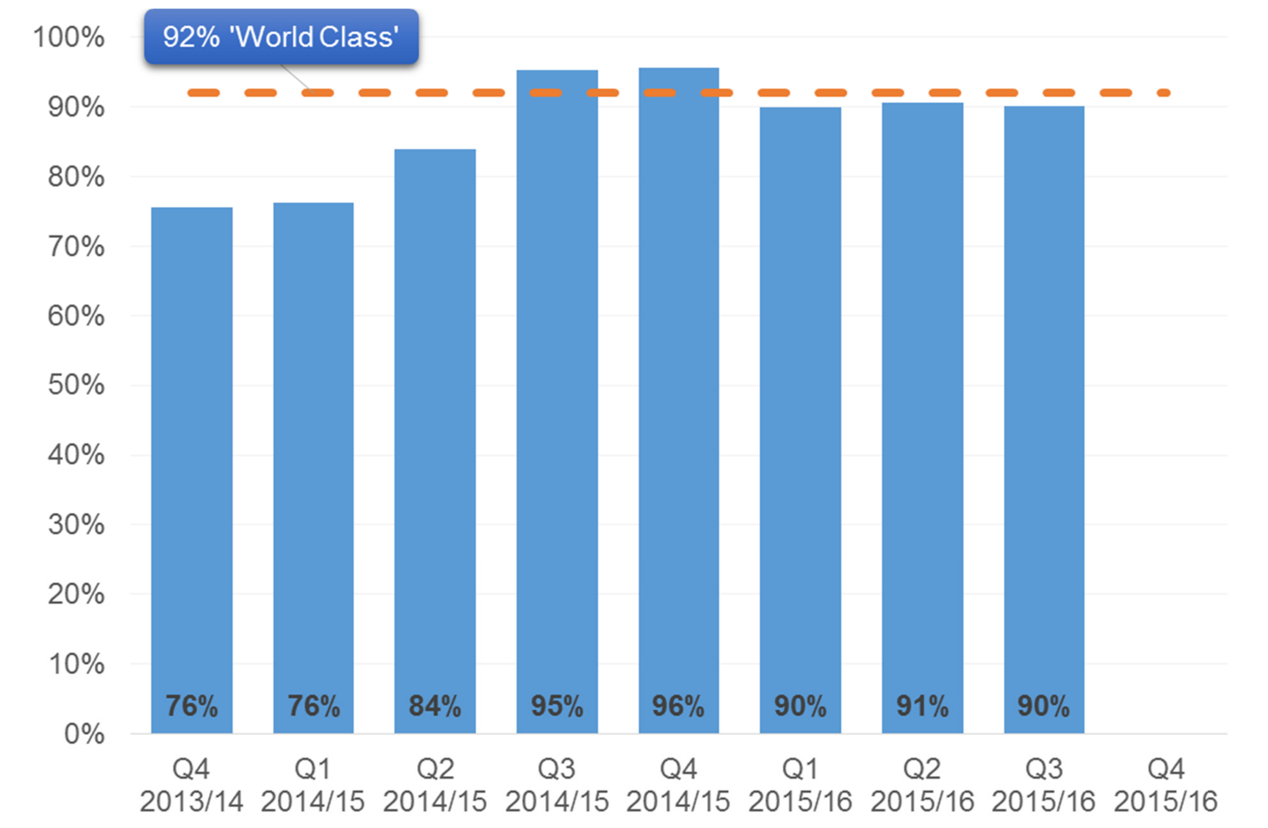
APPENDIX A – Performance Report Cards

Planned and timely procurement arrangements – spend on contract

Why is this important?

Purchases of goods and services should be made in a planned way using the appropriate procurement processes, as part of sound financial practice and management.

Performance



- Purchases of goods and services should be made in a planned way using the appropriate procurement processes. This is not always the case, as a large and complex organisation like the Council will always have a proportion of spending that is ad-hoc and which responds to one-off requirements.
- Over the past 2 years planned spend has increased from 76% to 90%, with a peak of 96%.
- For the last three quarters, spend on contract has plateaued at around 90%, just under the 'World Class' 92% target.

What will success look like?

- Achieving and maintaining the 'World Class' performance target of 92% across all departments.

Action required

- Work is under way to make sure that all on-contract spend through CareFirst and the Routewise system is properly recorded against the relevant contract.

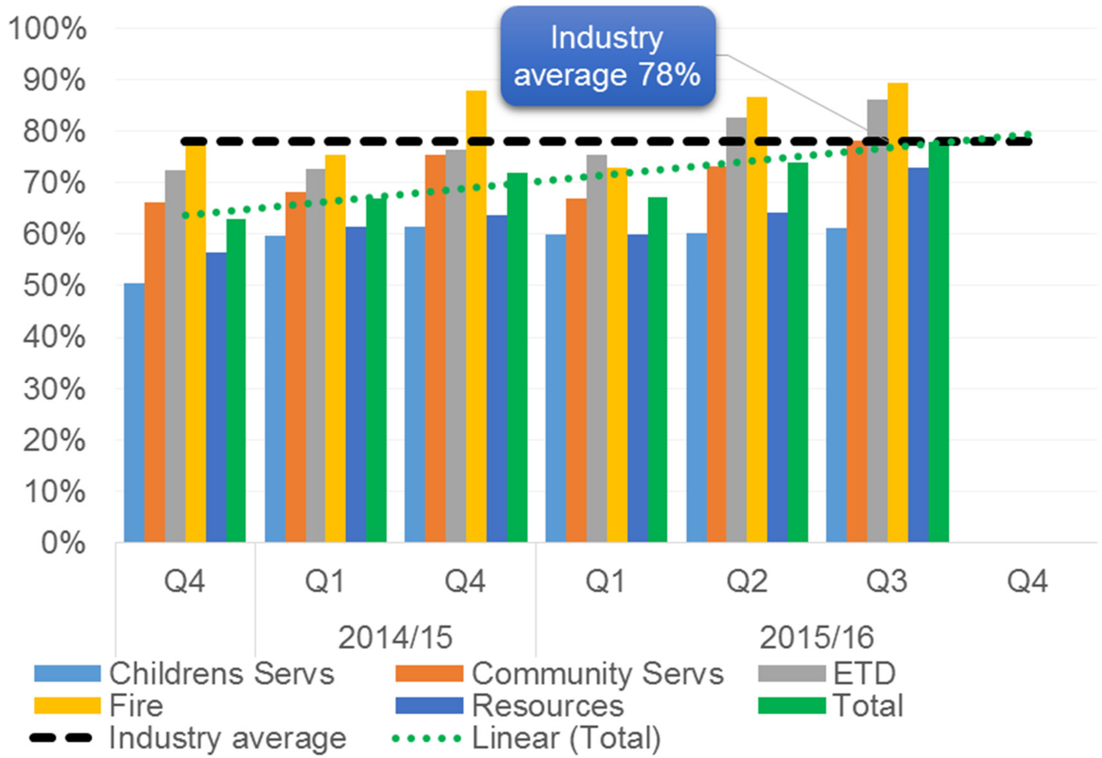
Responsible Officers Lead: Head of Procurement, Al Collier. Data: Alan Chappell.

Planned and timely procurement arrangements – Retrospective ordering

Why is this important?

Orders should, except in emergency, be placed in advance. This ensures that the goods and services are clearly covered by our terms and conditions and that a commitment is recorded in our financial system.

Performance



- With the elimination of paper processes for invoice payment, more spend now goes through iProc which makes retrospective ordering visible
- The procurement team is 'picking off' areas of underperformance and so the overall percentage of orders placed in advance continues to grow steadily, and has now reached the industry average.
- There are, however, variations across departments with Children's Services only ordering around 60% in advance.

What will success look like?

- Streamlining processes so that the administrative burden is reduced and orders are routinely placed in advance. This would be indicated by exceeding the industry average of 78%.

Action required

- The procurement team is working with Children's Services to streamline their ordering processes to reduce the administrative burden and bring performance into line with other directorates

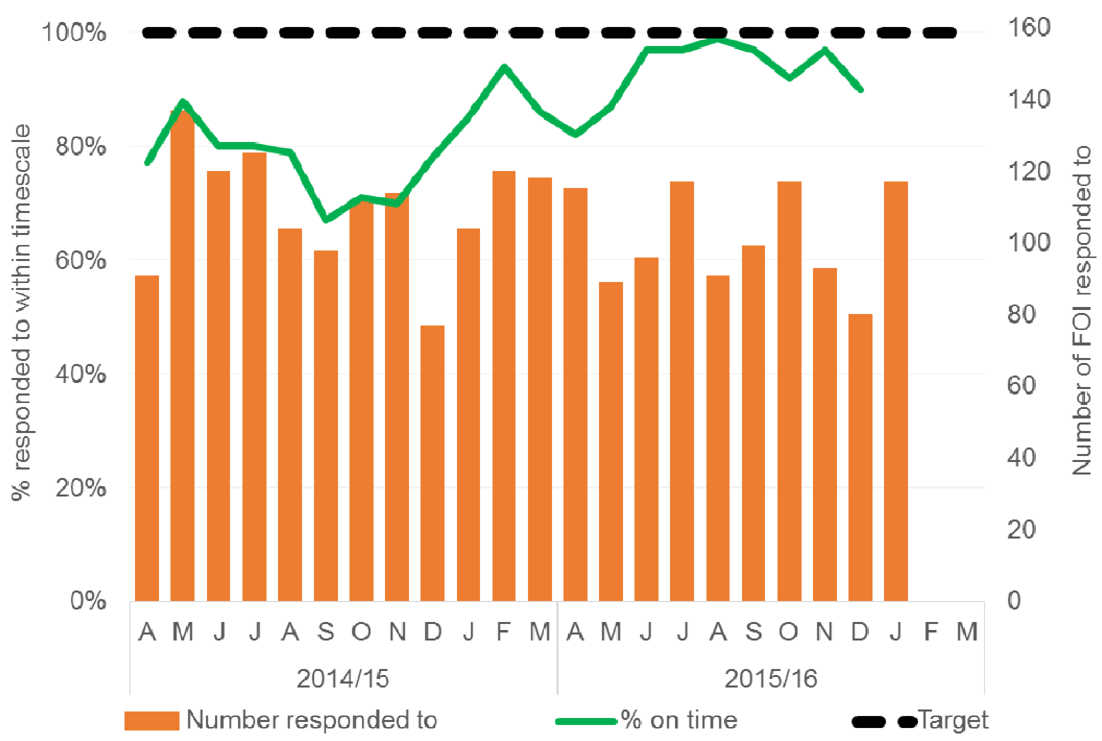
Responsible Officers Lead: Head of Procurement, Al Collier. Data: Alan Chappell.

Improving response to Freedom of Information requests

Why is this important?

There is a legal requirement to respond to Freedom of Information (FOI) requests within a statutory time limit of 20 working days. Meeting these timescales shows that we are able to access and collate information quickly and effectively.

Performance



- The percentage of FOI requests responded to with the statutory timescale has improved from a low of 67% in September 2014 to a high of 99% in August 2015.
- December 2015 performance is at 90%.
- Average performance April 2014 to December 2015 is 85%.
- Request volumes over the period have shown a slight decline in freedom of information requests.
- The relationship between the number of FOIs received and the percentage that are completed within the statutory timescale is not clear. FOIs are varied in both complexity and scale. As such, the time taken to complete them also varies.

What will success look like?

- The statutory timescale is 100% response within 20 days.
- 97.5% is considered good performance (RAG rated Green), given the complexity of some FOI requests and benchmarking with comparable local authorities.

Action required

- Identification of departmental and service leads or single points of contact for FOIs
- More timely assessment and release of FOI requests to departmental leads
- Analysis of seasonal trends in FOI requests and the adjustment of resources accordingly.

Responsible Officers

Lead: Information Management Service Manager, Mark Crannage. Data: Pam Cary.

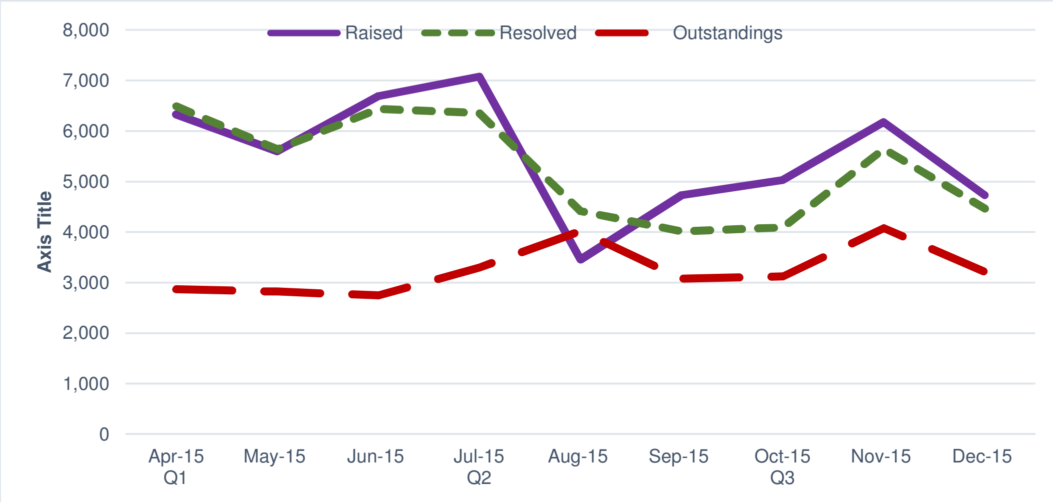
Improving the ICT Call Response – Calls Raised, Resolved & Outstanding

Why is this important?

The inability to access core ICT systems hinders the Council from working effectively, efficiently, thus creating a risk to the organisation and can jeopardise service delivery.

Performance

This graph shows the incident performance, target and trajectory.



- Resolution of many incidents are connected to software/hardware problems which are being worked through in line with business priorities
- The volume of tickets being raised does not align with the ICT resource levels
- Five Priority 1 Incidents (corporately significant) were recorded in Q3, which has had a negative impact on the number of Incidents raised during the period.

What will success look like?

- Reduction in our outstanding calls, both short and longer term
- Users to use the Assyst self-service functionality rather than emailing the Service Desk
- Reduce the contact per user per month to best practice baseline of 1

Action required

- Employ additional resource
- Resolve problems
  - RAS / Internet over Junos Pulse
  - One Drive
  - MS Office Suite Apps crashing
  - NCC Wireless Infrastructure
  - Financial Forms.
- Encourage use of self –service facility.

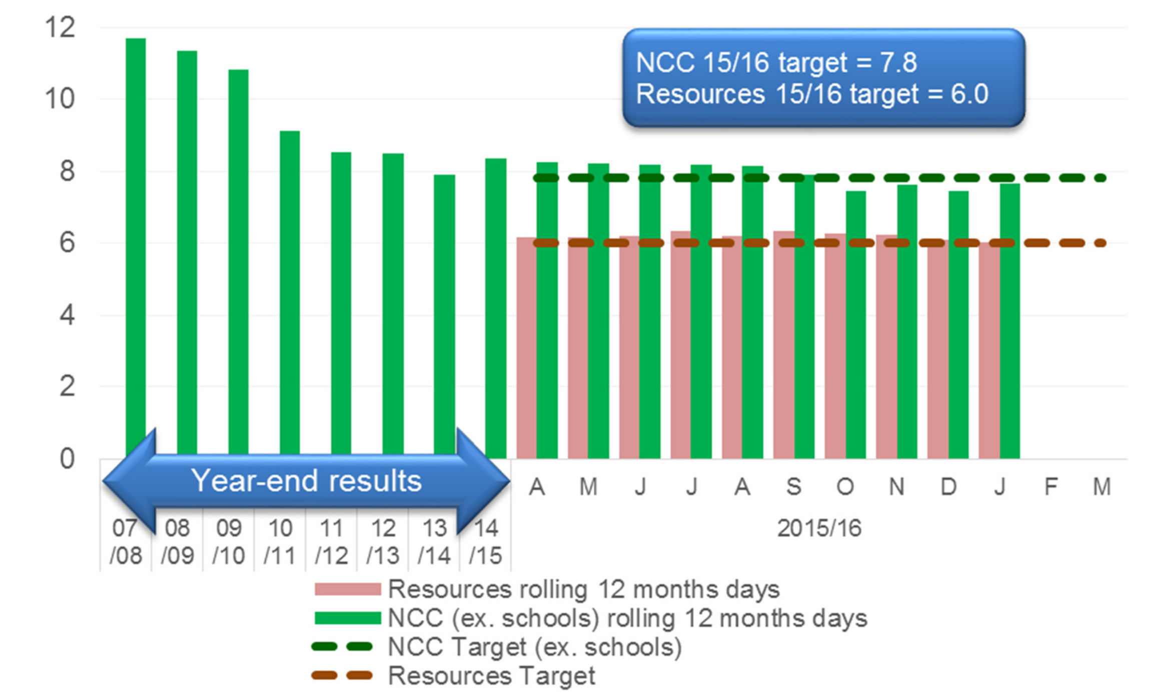
Responsible Officers	Lead: Interim Head of ICT, Steve Leggetter. Data: Jo Carey.

Staff Sickness

Why is this important?

Maintaining staff wellbeing and reducing the number of days lost to staff sickness is important to the efficient running of the organisation, in particular its running costs and ability to deliver key services. Staff sickness is also indicative of the health of the organisation.

Performance



- In 2014/15, NCC sickness levels saw an increase following a downward trend over the last few years.
- 2015/16 to date has seen a marginal reduction in absence levels and current estimates predict the final year end outcome will be just below target at 7.73 days. It is likely, however, that this will increase following the latest submission of absence returns.
- Currently, HR Employee Relations are supporting a total of 24 absence management cases, 4 of which are within Resources.
- We continue to compare well against external comparators – all Local Government (8.0 average days absence per employee) and all large organisations of 5,000+ employees (9.9 average days absence per employee) – CIPD Annual report 2015
- Resources departments continue to be lower than NCC overall levels, with a predicted year end outcome of 6.04 days for 2015/16.

What will success look like?

- Achieving our NCC target of an average of 7.8 days per employee (3.41% average days lost) and Resources Directorate of 6.0 days per employee.
- It should be noted that we have set a stretch target in this area to support the continuing drive to reduce absence.

Action required

- Continue to support managers in the implementation of the Sickness absence policy which has simpler processes to manage poor attendance, up to and including terminating employment where appropriate.
- Ensuring managers are equipped, through training and appropriate tools, to prevent/manage absence through the 'Performance Conversations' training.
- Absence dashboard launched in 2016 to provide managers with high level absence data in their areas on a monthly basis.

Lead: Acting Head of HR, Audrey Sharp. Data: Lesley Macdonald.

APPENDIX B – Corporate Risk Register

Corporate Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register		Red
Prepared by	Thomas Osborne	High	Amber
Date of review and/or	March 2016	Med	Green
Next update due	April 2016	Low	Met

CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	CES	RM001	The potential risk that County Infrastructure is not delivered at the required rate to support existing and future needs.	There is a risk that the necessary infrastructure (including but not limited to transportation, community, school and green infrastructure) will not be delivered at the required level and/or rate to support the existing population and to support and stimulate future growth, as set out in Local Plans.	01/07/2015	3	5	15	3	4	12	2	3	6	30/06/2016	**Amber**	Tom McCabe	Fiona McDiarmid	26/02/2016
C	Finance	RM002	The potential risk of failure to manage significant reductions in local and national income streams	This may arise from global or local economic circumstances, government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Plan savings required for 2015/16- 2019/20 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website.	01/07/2015	3	5	15	3	5	15	3	4	12	15/02/2017	**Green**	Simon George	Harvey Bullen	17/02/2016
C	Resources	RM003	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practices.	There is a risk of failing to comply with statutory and/(or) national/local codes of practices in relation to Information Compliance. This could lead to significant reputational and financial risk for NCC.	30/09/2011	3	5	15	3	5	15	1	4	4	30/09/2016	**Amber**	Anne Gibson	Mark Crannage	25/02/2016

Corporate Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register			Red
Prepared by	Thomas Osborne	High		Amber
Date of review and/or	March 2016	Med		Green
Next update due	April 2016	Low		Met

CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Resources	RM004	The potential risk of failure to deliver effective and robust contract management for commissioned services.	Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes The council spends some £600m on contracted goods and services each year.	01/07/2015	3	4	12	3	4	12	2	3	6	30/09/2016	**Amber**	Anne Gibson	Al Collier	19/02/2016
C	Resources	RM005	The risk that we cannot provide laptops that are configured and maintained to be modern, reliable and fit for purpose.	Failure to provide laptops that are configured and maintained to be modern, reliable and fit for purpose, resulting in poor staff productivity, poor morale, ineffective working practices and/or poor information security.	01/07/2015	4	4	16	3	4	12	2	4	8	30/09/2016	**Amber**	Anne Gibson	Steve Leggetter	08/03/2016
C	CLT	RM006	The potential risk of failure to effectively plan how the Council will deliver services over the next 3 years commencing 2015/16	The failure in strategic planning meaning the Council lacks clear direction for resource use and either over-spends, requiring the need for reactive savings during the life of the plan, or spends limited resources unwisely, to the detriment of local communities.	01/07/2015	3	5	15	3	5	15	1	5	5	30/04/2016	**Green**	Wendy Thomson	Debbie Bartlett	25/02/2016

Corporate Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register		Red
Prepared by	Thomas Osborne	High	Amber
Date of review and/or	March 2016	Med	Green
Next update due	April 2016	Low	Met

CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Resources	RM007	Potential risk of organisational failure due to data quality issues.	Failure to manage the data quality will prevent us from ensuring that data relating to key Council priorities is robust and valid. This places the Council at risk of making decisions using data that is not always as robust as it should be. This may lead to poor or ineffective commissioning, flawed decision making and increased vulnerability of clients, service users and staff.	01/07/2015	3	5	15	3	5	15	2	2	4	30/09/2016	Amber	Anne Gibson	Mark Crannage	25/02/2016
C	Resources	RM008	The potential risk of failure to deliver effective procurement processes.	Failure to engage members or senior officers effectively at an early stage in tendering or contract extension, or to maintain engagement, or failure to deliver a robust procurement process, leads to commissioned services which are politically unacceptable, poor value for money, undeliverable or a poor fit with our strategic direction, or leaves us open to legal challenge and a risk of substantial damages. The council spends some £600m on contracted goods and services each year.	01/07/2015	3	4	12	2	4	8	2	3	6	30/04/2016	Green	Anne Gibson	Al Collier	19/02/2016
C	CLT	RM009	The potential risk of failure of corporate governance and leadership.	Failure of corporate governance may result in poor or rushed decision making, disengaged members and officers and reputational damage. This could lead to the Council being unable to carry out its duties in an effective manner and possible non-compliance with legislation and regulations.	01/07/2015	3	4	12	3	4	12	1	4	4	31/03/2016	Green	Wendy Thomson	Anne Gibson	22/02/2016

Corporate Risk Register - Norfolk County Council																			
	Risk Register Name		Corporate Risk Register													Red			
	Prepared by		Thomas Osborne								High					Amber			
	Date of review and/or		March 2016								Med					Green			
	Next update due		April 2016								Low					Met			
CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Resources	RM010	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.	Loss of core / key ICT systems, communications or utilities for a significant period - as a result of physical failure, fire or flood, supplier failure, misconfiguration or loss of PSN accreditation - would result in a failure to deliver IT based services leading to disruption to critcial service delivery, a loss of reputation, and additional costs.	02/09/2015	3	4	12	3	4	12	1	3	3	30/06/2017	Amber	Anne Gibson	Steve Leggetter	08/03/2016
C	Resources	RM011	The potential risk of failure to implement and adhere to an effective and robust performance management framework.	The failure of leadership to adhere to robust corporate performance practice / guidance, resulting in organisational / service performance issues not being identified and addressed. This will have a detrimental impact on future improvement plans and overall performance and reputation of the Council.	02/09/2015	3	4	12	3	4	12	1	3	3	31/03/2016	Amber	Anne Gibson	Audrey Sharp / Kerry Furness	19/02/2016
C	CLT	RM013	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.	The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incuring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2014-15, from page 88, covering Group Accounts available on the Council's website at http://www.norfolk.gov.uk/view/NCC167254	02/09/2015	1	4	4	1	4	4	1	4	4	31/03/2016	Green	Wendy Thomson	Simon George	26/02/2016

Corporate Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register		Red
Prepared by	Thomas Osborne	High	Amber
Date of review and/or	March 2016	Med	Green
Next update due	April 2016	Low	Met

CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Children's Services (NEW)	RM014a	Inability to reduce the amount spent on home to school transport	Rising transport costs, the nature of the demand-led service (particularly for students with special needs) and the inability to reduce the need for transport or the distance travelled will result in a continued overspend on the home to school transport budgets and an inability to reduce costs.	04/11/2015	3	3	9	4	3	12	2	3	6	31/03/2017	Red	Gordon Boyd	Richard Snowden and Michael Bateman	17/02/16 Nil return
C	Adult's Services - (NEW)	RM014b	Inability to reduce the amount spent on adult social care transport	Rising transport costs, the nature of the demand-led service (particularly for adults with special needs) and the inability to reduce the need for transport or the distance travelled will result in a continued overspend on the adult social care transport budgets and an inability to reduce costs.	04/11/2015	3	3	9	4	3	12	2	3	6	31/03/2017	Red	Janice Dane	Catherine Underwood	02/03/16
D	CES - (NEW)	RM016	Failure to adequately embed Business Continuity into the organisation.	To ensure disruption is minimised and ensure that we are able to maintain services and respond appropriately to a significant (category 1 or 2 Business Continuity incident) (N.B. this risk will be scored differently for different departments due to different levels of preparedness).	10/12/2015	2	5	10	2	5	10	2	3	6	31/06/2016	Green	Tom McCabe	Emma Tipple	19/02/2016
C	Corporate (CES) - (NEW)	RM017	Failure to construct and deliver Norwich Northern Distributor Route (NDR) within agreed budget (£178.55m)	There is a risk that the NDR will not be constructed and delivered within budget. Cause: environmental / building contractor factors affecting construction progress. Event: The NDR is completed at a cost greater than the agreed budget. Effect: Failure to construct and deliver the NDR within budget would result in the inability to deliver other elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan. It would also result in a reduction in delivering economic development and negatively impact on Norfolk County Council's reputation. Exceeding the budget will also potentially impact wider NCC budgets and its ability to deliver other highway projects or wider services (depending on the scale of any overspend).	26/11/2015	3	3	9	3	3	9	2	2	4	12/02/2018	Green	Tom McCabe	David Allfrey	18/02/2016

Corporate Risk Register - Norfolk County Council					
Risk Register Name	Corporate Risk Register				Red
Prepared by	Thomas Osborne		High		Amber
Date of review and/or	March 2016		Med		Green
Next update due	April 2016		Low		Met

CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Children's Services - (NEW)	RM018	Failure to improve at the required pace.	CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted.	26/02/2016	2	5	10	2	5	10	1	4	4	30/06/2016	Amber	Michael Rosen	Don Evans	26/02/2016
C	Adult Services (Lead Director) Shared Re-procurement of social care system for Adults, Children's and Finance Departments - (NEW)	RM019	Failure to deliver a new fit for purpose social care system on time and to budget	Major risks include: 1) Being unable to resource the project to meet the April 2018 deadline 2) Setting a scope that is either too ambitious or not challenging enough 3) The market may not provide an affordable solution 4) It may be difficult to establish costs and fund the project 5) National and local agendas may cause our requirements to change radically between procuring and implementing the system 6) Corporate governance may be challenging to establish standard requirements for a complex project involving users from 5 council departments and 3 committees.	24/02/2016	4	5	20	3	5	15	1	4	4	30/06/2018	Green	Harold Bodmer	John Perrott	26/02/2016

APPENDIX C

Corporate Vital Signs information for each Committee

Vital Signs Indicators	What it measures	Why it is important
Communities Committee		
Norfolk's communities are resilient, confident and safe	Individuals, communities and public service working better together	Having an integrated approach to demand management and asset based community development, which targets agencies' investment at the most vulnerable localities, is critical to the Council and the delivery of the Re-Imagining Norfolk strategy
Channel shift	The percentage of Norfolk Households with an online account (starting from a baseline of 0 at 2016/17)	Delivery of 'channel shift' enables cost reduction, internal digital transformation and digital inclusion
Road safety	Number of people killed and seriously injured on Norfolk's roads	Road casualties are a significant contributor to the levels of mortality and morbidity of Norfolk people, and the risks of involvement in KSI injuries are raised for both deprived and vulnerable groups in the Norfolk population
2.5 years integrated developmental review	% of Health and Developmental Reviews at age 2 – 2½ years that are delivered as part of the single integrated review with Early Years' Foundation Stage two year old summary.	Early intervention works best when the support systems operate in a co-ordinated manner.
Proportion of LAC aged 0-5yrs for whom health plan actions are complete at subsequent review	% of Looked After Children (LAC) aged 0-5yrs receiving a Review Healthcare Assessment in the last 12 months for whom all the actions due on their current Health Plan have been completed.	Looked after children have higher health needs due to their previous experiences with higher rates of mental health issues, emotional disorders such as anxiety and depression, hyperactivity and autistic spectrum disorder conditions.
Health and wellbeing measure	An overarching rank sum comprised of domains on: adult risk exposure /lifestyle; health care amenable factors / secondary prevention e.g. cholesterol, blood pressure; social & financial conditions; children and young people; and older people outcomes	This measure enables the overall health and wellbeing of people in different parts of Norfolk to be measured over time.
EDT Committee		
Better Broadband for Norfolk Rollout	% of Norfolk homes with superfast Broadband coverage	Broadband is the fourth utility, essential to all aspects of modern working, learning and home life

Vital Signs Indicators	What it measures	Why it is important
Bus journey time reliability	% of bus services that are on schedule at intermediate time points	Better transport networks bring firms and workers closer together, and provide access to wider local markets
Planned growth in the right places	% of planning applications agreed by Local Planning Authorities contrary to NCC recommendations regarding the highway	Poorly planned developments can place unacceptable burdens on existing resources and infrastructure and negatively impact those living in/near the developments.
Road safety	Number of people killed and seriously injured on Norfolk's roads.	Road casualties are a significant contributor to the levels of mortality and morbidity of Norfolk people, and the risks of involvement in KSI injuries are raised for both deprived and vulnerable groups in the Norfolk population
Residential house waste collection	Weekly kg of residential house waste collected per household	The amount of household waste collected and the costs arising from processing it have risen for the past three years. Housing growth (65,000 new houses between 2013 and 2026) will create further pressures
Protection of the natural environment	Number of special natural areas for conservation and protection (Natura2000 sites) adversely affected by development/use	The natural environment is one of Norfolk's key assets and a significant contributor to the economic success of Norfolk
Management of flood risk	Number of new and existing properties at high risk (1 in 30 years) or surface water flooding	Flooding undermines existing infrastructure and impacts directly on health and economy
Economic Development sub-committee		
Apprenticeship qualifications	Number of apprenticeship qualified – overall and to level 3 (advanced level)	Leads to the delivery of the higher value jobs we seek to create and growth in average weekly earnings
Job creation in Norfolk	Monitoring the job creation outputs of the projects and programmes that NCC manages or leads	SEP has a target to deliver 73,000 more jobs by 2026. This measure looks at those jobs the EDS service has had a hand in bringing forward
New Anglia Growth Hub delivery	Delivery of New Anglia Growth Hub's business start-up targets	All programmes should deliver outputs that benefit the Norfolk economy
Norfolk weekly earnings	Median full time weekly pay – comparison between Norfolk and the national average	A skilled workforce is essential to growing existing, and attracting new businesses to Norfolk and to the overall prosperity of Norfolk communities

Vital Signs Indicators	What it measures	Why it is important
Getting people back into work	% of ESA claimants who claim benefits for more than one year	Residents claiming ESA have a higher likelihood of receiving support from NCC services.
Adult Social Services Committee		
Referrals resolved by guiding to informal community based services	% Referrals that are resolved by signposting and/or referral to informal community based services	Indicates the extent to which we can source and refer to alternative informal community-based solutions thereby reducing the number of people needing a formal social care service
Remaining independent after community clinic	% People remaining independent six weeks after visiting a community clinic	Community Clinics should reduce the need for formal social care intervention by linking people with community resources that support independence
Reablement effectiveness	% of people who require no ongoing formal service after completing reablement	People that are successfully re-abled experience better outcomes and are more likely to stay out of long term care
More people live in their own homes for as long as they can	• Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (18-64 years) • Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (65+ years) • Increasing the proportion of people in community-based care	People that live in their own homes, including those with some kind of community-based social care, tend to have better outcomes than people cared-for in residential and nursing settings. In addition, it is usually cheaper to support people at home
Fewer people need a social care service from NCC	• Decreasing the rate of NCC service users per 100,000 population (18-64 years) • Decreasing the rate of NCC service users per 100,000 population (65+ years) • Decreasing the rate of people in residential and nursing care per 100,000 people	A reduction in the overall number of people requiring formal care services, when accompanied by good preventative and reablement care services, and good access to voluntary and community-based services that support independence, evidences a successful 'Promoting Independence' strategy
Decreasing the rate of NCC service users per 100,000 population (64+ years)	% of people still at home 91 days after completing reablement	Measuring the effectiveness of reablement services indicates the performance of a key part of the health and social care system

Vital Signs Indicators	What it measures	Why it is important
Decreasing the rate of people in residential and nursing care per 100,000 people	Number of days delay in transfers of care (attributable to social care)	Delayed transfers of care cost health services significant amounts of money, and nationally are attributed to significant additional health services costs
Safeguarding interventions success	% People who were subject to safeguarding interventions whose stated outcomes were met	The quality of safeguarding interventions is important to secure good outcomes for potential victims, and affects the likelihood of further incidents occurring
More people with learning disabilities secure employment	% People receiving Learning Disabilities services in paid employment	Research and best practice shows that having a job is likely to significantly improve the life chances and independence of people with learning disabilities, offering genuine independence and choice over future outcomes.
Paid employment rate: People receiving Mental Health services	% People receiving Mental Health services in paid employment	Research and best practice shows that having a job is likely to significantly improve the life chances and independence of people with mental health problems, offering genuine independence and choice over future outcomes
Emergency hospital admissions	Number of emergency admissions and unplanned admissions from people receiving formal social care services	Changes in rates of emergency admissions can indicate the effectiveness of integrated working between health and social care services.
Children's Services Committee		
Key Stage 2 Attainment	Proportion of Children at the end of Year 6 who achieve Level 4 in Reading, Writing & Maths	Whilst high attainment at every Key Stage is the core purpose of our support for school improvement function, there is not currently a composite measure for overall pupil attainment. It is well established through research and direct experience that attainment at Early Years is the cornerstone for attainment through subsequent Key Stages. However, KS2 attainment provides us with an independently verifiable measure at a point in a child's life where we can still significantly influence later attainment.
Rate of re-referral to Early Help services	Percentage of Referrals into Early Help Services who have had a referral to EH in the previous 12 months	Our Early Help services are designed to support and empower families to make lasting changes which will enable them to thrive and to meet any challenges/difficulties via their own reserves and/or use of universal services. The rate of re-referral is a key indicator of the extent to which the service is achieving its aims

Vital Signs Indicators	What it measures	Why it is important
Rate of return to S.17 (Child in Need) status to Child in Need services	Percentage of Referrals into Section 17 CIN Services who have had a referral to S.17 CIN in the previous 12 months	Our Section 17 CIN services are designed to support and empower families to make lasting changes which will enable them to thrive and to meet any challenges/difficulties via their own reserves and/or use of universal services. The rate of re-referral is a key indicator of the extent to which the service is achieving its aims
Rate of Children subject to second and subsequent Child Protection Plans	Percentage of Children Starting a Child Protection Plan who have previously been subject to a Child Protection Plan (at any time)	The protection of children is at the heart of what we do. A successful outcome is not just about reducing risk at a particular point in time but is about ensuring that children who have been subject to CP intervention stay safe after the plan has ended. The rate of second and subsequent plans is a key indicator of the extent to which the service is achieving its aims
Rate of re-entry to care	Percentage of Children Starting to be looked-after who have previously been looked-after	Where it is safe to do so, sustained reunification with family is our primary aim for Looked after Children. The rate of re-entry to care is a key indicator of the extent to which the service is achieving its aims
Looked After Children Rate per 10k	Rate of Looked-After Children per 10,000 of the overall 0-17 population	Norfolk has many more LAC than its statistical neighbours and we have implemented a strategy to reduce the levels of LAC which includes significant investment in Early Help and additional social worker capacity. LAC rate per 10k is a key indicator in assessing the success of that investment. The LAC rate also provides an indication of the success of the wider children’s system.

Policy and Resources Committee

Item No 9

Report title:	**Norse Governance Review**
	Report of the Shareholder Representative, the Head of Law and Monitoring Officer and the Executive Director of Finance
Date of meeting:	**21 March 2016**
Strategic Impact:	**The recommendations, if agreed, will strengthen and clarify the risk of members and officers in the governance of the Norse Group of Companies.**

Executive Summary:	**The Council has conducted a thorough review of its governance arrangements in relation to the Norse Group of Companies, to take account of legislative changes, the growth of the Norse Group, changes to the Council's own system of governance and changes to Senior Management. Members are asked to agree the Recommendations set out in Appendix 1 and the consents recommended by the Executive Director of Finance in Appendix 2.**

1. Introduction

There have been a number of significant changes to the legal and operational context in which the Council's wholly-owned company, the Norse Group Limited and its subsidiaries, operate, in particular:

- The Public Contracts Regulations 2015 which codified the existing case law regime, generally known as 'Teckal', governing public contracts including those let to local authority companies;
- The change in the Council's own system of governance from a Cabinet model, where key decisions are taken by the Leader and a group of up to 10 members, to a Committee model, where key decisions are taken collectively by politically proportionate Committees
- The continued growth of the Norse Group to a business with a turnover of approximately £300m, of which around £80m represents services supplied to the Council;
- Changes to the senior management of the Council with accountability for the Norse Group's activities, namely a new Managing Director and Executive Director of Finance within the last 18 months.

These have caused the Council, through the Managing Director, to seek to ensure that that the Council's governance and stewardship of the Norse Group and its leverage as owner of the companies in the Norse Group, is sufficiently strong, meets the standards in the new regulations and CIPFA's Good Governance Standards for public services.

This report does not seek to change the responsibilities for stewardship and oversight of the Norse Group that sits with members. Rather it seeks to strengthen and clarify the process through which that stewardship and oversight will occur and ensure that members receive a level of professional advice appropriate to the size and value of the Norse Group from the Council's officers.

The Council therefore commissioned an independent legal review and an independent financial review of the Norse Group arrangements. Those reviews have generated a number of recommendations for the Policy & Resources Committee which are summarised in Appendix 1. Copies of the independent legal and financial reviews are available for Members from the Head of Law and Monitoring Officer.

There are also a number of consents to Norse Group activities which are outstanding which the Executive Director of Finance has considered and recommended for agreement at Appendix 2.

Prior to presenting the recommendations in Appendix 1 and the consents in Appendix 2 to the Policy & Resources Committee for agreement the Executive Director and Head of Law and Monitoring Officer sought the views of the Shareholder Committee.

2. Norse Group Limited

Norse Group Limited is a private company limited by shares in accordance with the Companies Act 2006. The Council is the single shareholder.

Norse Group Limited was formed in 2006 and acts as the holding company for NPS Property Consultants Ltd (NPS), Norse Commercial Services Ltd (NCS) and NorseCare Ltd, themselves Council controlled companies. Each of those companies has subsidiaries of its own, some wholly owned and some in joint venture arrangements.

3. Local Authority Companies and Public Contracts Regulations

Local authority companies are subject to certain rules on controlled companies under the Local Government and Housing Act 1989 but these are limited. More significantly, if the Authority buys services from one of its companies it is subject to EU procurement rules which have been brought into law in England and Wales through the Public Contracts Regulations with effect from February 2015.

The regulations provide that public contracts awarded to a separate entity will be governed by the procurement regime i.e. will have to be tendered in line with EU procurement regulations unless all of the following are fulfilled:

- The contracting authority exercises over the Company to whom the contract is awarded a control similar to that which it exercises over its own departments
- More than 80% of the activities of the Company to whom the contract is awarded are carried out in the performance of the tasks entrusted to it by the controlling authority or another company controlled by the contracting authority
- There is no direct private capital participation in the controlled company.

The Council will exercise the required level of control where it exercises a decisive influence over both the strategic objectives and significant decisions of the controlled company.

4. Good governance of local authority companies

In addition to the specific requirements of the Public Contracts Regulations in relation to services supplied by a local authority companies to its owner council, the Council as a publicly funded body must ensure the appropriate level of good governance and stewardship in relation to the Norse Group of companies, as the Council's asset.

CIPFA's Good Governance Standards for Public Services sets out 6 core principles which should underpin the council's governance arrangements in relation to all its activities:

- A clear definition of the body's purpose and desired outcomes
- Well-defined functions and responsibilities
- An appropriate corporate culture
- Transparent decision-making
- A strong governance team
- Real accountability to stakeholders.

The reviews have been conducted to ensure the Council has a reliable framework, in the current regulatory and operational context, for legal compliance, appropriate governance and stewardship and appropriate leverage as owner.

5. Independent legal and financial reviews

The Council commissioned external legal and financial advisors, experienced in advising Councils on the legal and financial aspects of governance of wholly-owned companies, to conduct reviews of the governance. The resulting recommendations, which members of the Committee are asked to review, are summarised at Appendix 1.

These reports have been shared and discussed with the Shareholder Committee and the directors of the Norse Group.

6. Existing Governance Arrangements

It is recognised that a range of controls are already in place in relation to the Norse Group of companies. The recommendations seek to provide a sound framework of control for the future. Some of those recommendations formalise or strengthen existing arrangements whilst others are additions to those arrangements.

The existing range of controls include:

- The role of Policy &Resources Committee, as established in the Financial Regulations in the Constitution, in approving the establishment, viability and business cases of new companies, approving investments, taking decisions as shareholders, monitoring the companies and receiving reports and consenting to specified actions and activities (see below) of the Norse Group
- A Shareholder Committee comprised of 6 Members, including a Shareholder Representative, appointed by the Policy & Resources Committee and attended by the Executive Director of Finance, the Chair of the Norse Board (the Council's Executive Director of Resources) and the Norse Group executive directors at its regular meetings

- The Council's Executive Director of Resources chairing the Norse Board and a member of the Council (appointed by P&R) being a board member of the Norse Board
- Weighted voting rights on the Norse Board in favour of the Council's directors
- Controls of the Council, through the Articles of Association, on a range of matters including (in summary): the appointment and removal of directors; terms and conditions of directors; increase or variation of share capital; giving of guarantees and security; sale, lease or disposal of the company's assets; lending; formation or acquisition or disposal of any subsidiary; changing the company's business; personal contracts with Council employees; borrowing; applying for EU grants; disposing of assets; changing the accounting reference date; changing or varying the terms of the auditors; winding up or similar arrangements. A full list of controls of the Council, from the Company's Articles of Association, is set out in the Schedule to this report
- A NorseCare liaison board comprising Members and Senior Officers
- Board reports of the principal companies being provided to the Managing Director, the Executive Director of Finance and the Head of Law and Monitoring Officer and the Executive Director of Finance attending Board meetings
- Service level agreements between the Council and the principal Norse companies.
- The accounts of the Norse Group Companies are externally audited annually. Those externally audited accounts are reviewed annually by the Council's external auditors.

The recommendations form a clear framework pursuant to which the Council can ensure it is exercising all those controls effectively and in some areas a strengthening of those controls, particularly in relation to the principal companies in the Group.

7. **Consents**

Now that the changes from a Cabinet to a Committee system have been completed and reviewed and changes to the senior management team have been concluded there are some outstanding consents which are being sought by the Norse Group from the Council.

Appendix 2 sets out the consents that the Executive Director of Finance is recommending to the Policy & Resources Committee for consideration and approval.

8. **Recommendations**

Members are asked to agree to

- the recommendations in relation to the governance of the Norse Group contained in Appendix 1 and the consents contained in Appendix 2.

- authorise the Executive Director of Finance and the Head of Law and Monitoring Officer to agree a process and timetable for implementation of the recommendations.

Officer Contact

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

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

Officer Name: Simon George or Victoria McNeill
Tel No: (01603) 222400 or 223415
Email address: simon.george@norfolk.gov.uk or victoria.mcneill@norfolk.gov.uk

IN TRAN communication for all

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

Schedule of Council Controls – from the Norse Group Articles of Association

8.6 The Directors shall not make:

8.6.1 any decision relating to the conditions and terms of service of any employee of the Company who is also a Director of the Company; or

8.6.2 any decision relating to pay and salary scales or establishment levels which would affect any employee of the Company who is also a Director of the Company; or

8.6.3 any appointment, agreement, arrangement, determination of terms or decision to pay remuneration under Regulation 84 of Table A

save with the prior written authority of Norfolk County Council and Regulation 84 of Table A shall be modified accordingly.

8.7 The Directors shall ensure that the Company does not engage in activities in which Norfolk County Council has no powers to engage.

8.8 The Company shall not without the prior written approval of Norfolk County Council do any of the following:-

8.8.1 increase or vary the Company's authorised share capital or create new shares or alter the rights or obligations attached to any of the shares of the Company or issue or allot any shares of the Company to any person, firm or company whatsoever;

8.8.2 give any guarantee, security or indemnity whatsoever or create any encumbrance over any of the assets of the Company;

8.8.3 sell, lease, transfer, charge, or otherwise dispose of the whole or any substantial part of the undertaking or assets of the Company (and for the purposes of this paragraph, "substantial" means assets having an aggregate book value or more than 20% of the net asset value of the Company);

8.8.4 lend or advance to any person, firm or company, except Norfolk County Council or any company wholly owned by Norfolk County Council or employees of the Company, any monies exceeding in aggregate £15,000 or more in any financial year of the Company;

8.8.5 form, acquire or dispose of any subsidiary or amalgamate or merge with any other company or concern or acquire any shares of any other company or participate in any significant partnership or joint venture;

8.8.6 carry out any change in the Company's business;

8.8.7 enter into any personal contract or arrangement with any member or officer of Norfolk County Council;

8.8.8 borrow money on loan for capital expenditure purposes unless previously sanctioned by Norfolk County Council as part of its credit approvals procedure;

8.8.9 apply for any European Community grant;

8.8.10 dispose of any assets the proceeds of disposal of which would be treated as a capital receipt if the proceeds of disposal were received by Norfolk County Council;

8.8.11 make any change in the Company's accounting reference date or registered office;

8.8.12 remove or vary any of the terms of appointment of the Company's auditors;

8.8.13 participate in any scheme of arrangement or petition or pass any resolution to wind up the Company or make application for an administrative order;

and Regulations 70 to 72 of Table A shall be modified accordingly.

Appendix 1

Governance Recommendations

A. Clarity of purpose and parent approval of business plans and strategies

1. That the Council's purposes for participation in the Norse Group companies are clearly established by the Policy & Resources Committee ("P&R") and reviewed annually by P&R.

2. That Norse reports annually to P&R on both past performance against the council's purposes and KPIs and future business plans for the Norse Group companies, with appropriate assurances from the Executive Director of Finance and the Head of Law and Monitoring Officer. The Council has two distinct interests in Norse, as the sole shareholder in the Norse Group where its interests are ownership interests, and as a customer of some of the Norse companies where its interests are service delivery interests. As part of the business plans, that Norse commits to a range of KPIs against which it is measured, including:

   - a value statement summarising the benefits accruing to NCC through ownership of Norse, including target rebate, dividend and return on any loans, provided the level of dividends, combined with rebates, should not be so large as to impact either short-term working capital or future investment requirements to meet long term spending objectives;

   - other KPIs such as the percentage of new work derived from private sector contracts, the profitability of such work and the total return to NCC.

3. That, in relation to new Companies (as defined by the Articles of Association) proposed by the Norse Group, the Executive Director will establish annually business objectives including the financial return expected. Proposals for Companies meeting these business objectives will be fast-tracked for approval by the Executive Director of Finance, through the P&R Committee or via the urgent business procedures for P&R business (where commercially necessary).

4. That the Constitution be amended to clarify the oversight and decision-making role of P&R.

B. Control through ownership and representation

1. That a Shareholders' Agreement is entered into with the Norse Group, NPS, NCS and NorseCare reflecting:

   - the process for approval of business plans;

   - arrangements for funding and the provision of appropriate security for money lent;

   - dispute resolution provisions;

   and other controls deemed appropriate from time to time by the Executive Director of Finance.

2. That Service Level Agreements ("SLAs") with NPS, NCS and NorseCare are regularly reviewed and agreed between the Norse Group and the Executive Director of Finance and the Senior Commissioner (see para C2 below) and updated as appropriate, ensuring commercial rationale.

C. Clarity over who is responsible for stewardship of the arrangements within NCC

1. That the Executive Director of Finance and the Head of Law and Monitoring Officer have clear accountability for the Council's financial and general governance of the Norse Group.

2. That Senior Commissioner for Norse, appointed by the Managing Director, is accountable to NCC for the monitoring and control of service delivery issues, reporting to the Shareholder Committee twice yearly on service delivery and to P&R on an exception basis.

D. Effective reporting, audit and scrutiny, with member and officer oversight

1. That the Shareholder Committee to ensure it meets <u>a minimum</u> of twice per year (the Committee currently meets four times per year).

2. That a management pack is prepared for each Shareholder Committee meeting including:

   - year to date groups principal report, quantify end group balance sheet, details of significant team events;

   - key commercial and legal risks identified by the Executive Director of Finance, highlighting the potential impact and likelihood of occurrence;

   - performance of KPIs against targets set in the business plans, reported to P&R on an exception basis.

3. That the Shareholder Committee, supported and advised by the Executive Director of Finance and the Head of Law and Monitoring Officer, continues to scrutinise Norse and make recommendations as appropriate to P&R.

4. That the role of the Shareholder Representative in reporting back to P&R from the Shareholder Committee is spelt out clearly in the Constitution to include:
   - chairing the Shareholder Committee;
   - representing the views of the Shareholder Committee at the Norse Group AGM and the P&R Committee;
   - feeding back to the Shareholder Committee from P&R Committee and the AGM;
   - leading on liaison with the Companies and with the Council on behalf of the shareholder, taking such professional advice from Council officers as is appropriate in each circumstance.

5. That the Terms of Reference for the Shareholder Committee be reviewed in the light of these recommendations.

6. That the Executive Director of Finance has input into the internal audit function of the Norse Group and, where necessary, provides reports to the Council's Audit

Committee and the External Auditor.

E. Compliance with legal requirements including procurement, state aid, transparency, probity and ethics

1. That the Executive Director of Finance satisfies himself that any Norfolk County Council assets and property used or occupied by the Norse Group are evidenced as being provided on commercial terms.

2. That when any material changes are anticipated to any of the Norse Group of companies, or any significant new arrangements, the Head of Law and Monitoring Officer reviews these with the Norse Group to ensure they operate lawfully and within the company's powers.

F. Financial Assurance and Risk

1. That regular review of the Council and Norse Group risk registers are undertaken by the Executive Director of Finance.

2. That steps are taken to protect any loans or other financial investments in companies by taking security over assets, as far as possible, recognising that in some cases Council security will not have first priority.

3. That NCC's finance team continue to manage any debt provided to the Norse Group as it would a third party loan ensuring appropriate serviceability of debt and covenants.

4. That the Executive Director of Finance ensures that clear systems are in place to discharge his responsibilities under the Constitution.

5. That the NCC member and officer directors (nor, without the consent of the Council, former member or officer directors) are not remunerated by the companies but only through member allowances/officer remuneration schemes.

6. That through the Shareholder Agreement, Norse alerts NCC to a set of triggers agreed with the Executive Director of Finance, to include fraud, material insurance claims, health and safety, data protection, whistleblowing, issues with DBS.

G. General Recommendations

1. That there is a programme of relevant training and development for any NCC appointed Directors of the Company and those managing relationships within the Council.

2. That a shared portal is established and maintained by the Head of Law and Monitoring Officer, accessible by Norse and NCC, containing all the company documents relating to the Norse Group Companies, the Shareholder Agreement, the SLAs, business plans, reports, minutes and any other documents relevant to NCC's governance of Norse.

3. That, given the interdependencies of NCC and Norse in relation to pension funding, the Norse Group shall make NCC aware of any material charges in

relation to its pension strategy.

4. That NCC, through the Executive Director of Finance, ensures Norse is anticipating future needs in respect of attracting and retaining key personnel and developing future director succession plans.

5. That attendance of the Executive Director of Finance at Norse Board Meetings is formalised, to support ongoing assessment of viability.

6. That shareholder dividends are paid, recognising the profit achieved and Norse's long term investment requirements.

7. That the Monitoring Officer is authorised to process the changes to the Constitution that are appropriate or necessary to achieve all of the above.

Formation of companies

1. HearthUK (Exeter) Limitied - Subsiarary of HearthUK Ltd.

This company was incorporated on 19 June 2014. The company is 100% owned by HearthUK, which is itself owned 100% by NPS.

HearthUK (Exeter) was formed as a special purpose vehicle for a housing development proposal in Exeter.

To date this company has not traded.

Comment from Executive Director of Finance

I have:

- *reviewed the business case and papers in detail*
- *Attended and contributed to the discussions on the proposal at the Norse Board on 23rd November 2015*
- *Attended the discussion of the proposal at NORSE Shareholders Committee on 4th January 2016*
- *Placed reliance upon the review of the proposal by the NORSE investment committee which contains external advice.*

And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company

2. Naturally Passive Limited – Subsidiary of NPS

Naturally Passive was incorporated on 20 June 2014 and is wholly owned by NPS.

Naturally Passive was intended as a turnkey vehicle for property and development opportunities that combine social, economic and environmental solutions. It was set up in particular as an opportunity to provide housing for the Isle of Anglesey County Council utilising Passivhaus building standards. The proposal is still awaiting final approval by the Council.

The company has not traded since its formation

Comment from Executive Director of Finance:

I have:

- *Received a summary of the purpose and objectives of the company*
- *Any development proposal would be reviewed by the Investment Advisory Group, which contains external advisors, if Anglesey*

County Council confirm the appointment of Naturally Passive Limited as it's development partner

<u>And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company</u>

3. NPS Asia Pacific Limited – Subsidiary of NPS

NPS Asia Pacific was incorporated in Hong Kong on 10 December 2014. This company is a wholly owned subsidiary of NPS. The company was formed with the intention of pursuing opportunities to provide energy efficiency consultancy in China. It is now apparent that there would be little or no profit to be made pursuing these opportunities

Comment from Executive Director of Finance:

- *The anticipated business opportunity has not materialised.*

As such I simultaneously recommend to Policy and Resources Committee (Retrospectively) the creation and winding up of this company.

4. Norse Energy (Hafod) Limited – Subsidiary of NPS
5. Norse Energy (Stoke Gifford) Limited – Subsidiary of NPS
6. Norse Energy (BSCC) Limited – Subsidiary of NPS
7. NORSE Energy (BSCC Biomass)Limited – Subsidiary of NPS

The above companies undertake energy generation activities (Biomass and Photovoltaic) as part of NPS's business plan to generate ongoing cash revenues and bolster the balance sheet.

Comment from Executive Director of Finance:

I have:

- *Received a summary of the purpose and objectives of the company.*
- *Been party to several board discussions on the progress over the above companies*
- *As part of a separate exercise my team have reviewed the business plans of the energy companies of NPS.*
- *Placed reliance upon the review of the proposal by the NORSE investment advisory group which contains appropriate external advice.*

<u>And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company</u>

8. <u>Norse Development Company Limited – Subsidiary of NPS</u>

Norse Development Company Limited was incorporated on 8 August 2015. This company was formed to take the lease of a hangar on the Norwich Airport site from Norwich City Council. The hangar is to be used for the Norwich Aviation Academy which is a venture supported by Norfolk County Council, Norwich City Council, KLM, City College and the UEA.

Comment from Executive Director of Finance:

I have

- *reviewed the business case and papers in detail*
- *Attended and contributed to the discussions on the proposal at the Norse Board on 21 July 2015*
- *Reviewed the P&R report on 26th October 2016 which approved the creation of the Aviation Academy.*
- *Subsequently spend time with my team undertaking due diligence on the potential advancement of a loan to the company.*

<u>And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company</u>

9. Beattie Passive Norse Limited – Subsidiary of NPS

This company is currently a joint venture between NPS and Beattie Passive Build System Limited - a privately owned company. There are two issued shares in the company; one share is owned by NPS and the other by Beattie Passive Build System Ltd. The company was formed to exploit a patented system of construction that meets PassivHaus standards for residual housing developments.

The company has been awarded a contract to build homes for Hastoe Housing Association at sites in Rattlesden (4 houses) and Burwash (10 houses). The construction work is under way through a back to back contract awarded to Beattie Passive Construction Ltd.

The NPS Board approved the formation of the joint venture at its Board meeting 20th March 2013. The company was registered on the 3 June 2013

Comment from Executive Director of Finance:

I have

- *Noted that this company is already operational*

And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company

10. Great Yarmouth Norse limited – Subsidiary of NCS

Great Yarmouth Norse Limited was incorporated on 30 August 2014 and commenced trading on 1 October 2014. This company is a joint venture between NCS and Great Yarmouth Borough Council (GYBC)). NCS holds 80% of the shares in the company whilst GYBC holds the remaining 20%. Great Yarmouth Norse Ltd provides asset management, construction and building repair services to GYBC in respect of its housing stock of 6,000 homes.

This company further expands NCS's existing joint venture arrangement with GYBC which has delivered environmental and other services to the Authority since 2003.

Comment from Executive Director of Finance

I have:

- *Placed reliance upon the review of the proposal by the NORSE investment committee which contains external advice.*
- *Noted that this is a fully operational company providing services to Great Yarmouth Borough Council – Turning over circa £8m and delivering a profit of over £300k to Norse.*

And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the creation of the company

11 Proposal to form a new subsidiary company for a Joint Venture with Havant Borough Council

Norse Commercial Services Limited (NCS) has been in discussions with Havant Borough Council (HBC) with a view to forming a joint venture company (JVC) that would be awarded a contract to deliver certain services to HBC. The proposed JVC would be called Norse South East Limited and would be a company limited by share.

The JVC would be co-owned by HBC (20%) and NCS (80%). The JVC would be managed by a Board of Directors comprising three Directors appointed by the County Council and two Directors appointed by HBC. The Articles of the

Company would restrict the powers of the Directors and require that the consent of HBC and the County Council is required before the JVC can carry out certain activities.

In addition to the Board of Directors, a Liaison Board would be formed with a wider membership to consider and make recommendations upon operational matters. Although the majority of the shares in the JVC would be owned by NCS, the profits of the Company would be shared 50/50 between HBC and NCS.

The contract that is to be awarded to the JVC would be for 10 years, with an option for a 10-year extension with the agreement of the parties. In line with a previous decision by the Board of the Norse Group, the contract would include a clause allowing either party to terminate the contract on giving 12 months' notice at any time during the contract term. The ability to terminate the contract protects the Norse Group from the possibility that a Local Authority "partner" may be forced to cut services and/or costs for the services a JVC provides, thereby making a contract uneconomic and/or undeliverable.

The services to be delivered by the JVC would include:

- Household Waste
- Garden Waste Collection
- Street Cleansing
- Public Convenience Cleansing
- Open Space Maintenance (inc beaches)
- Allotments
- Beach Huts
- Cemeteries
- Vehicle Maintenance Workshop
- Engineering Works Team

The staff currently employed by HBC to deliver these services would transfer to the JVC.

The new JVC would initially focus on delivering the services set out above, with the potential that other Council services could be added over time. The JVC would also seek external business to complement the Joint Venture operations.

By Year 5, it is anticipated that the JVC would generate a contribution to NCS overheads of £2,482,000, together with a profit share of £1,089,000.

On 7 October 2015, HBC Officers presented an outline business case to the HBC Cabinet which detailed potential savings together with the profit that could be generated by the proposed JVC. The HBC Cabinet considered the outline business case and agreed to proceed to a full business case. The full business case is due to be presented to the HBC Cabinet on 20 January 2016. Should the HBC Cabinet approve the JVC, and the County Council approve the setting up of the proposed subsidiary, the JVC would commence trading on 1 April 2016.

I have:

- *reviewed the business case and papers in detail*

- *Attended and contributed to the discussions on the proposal at the Norse Board on 11th December 2015*
- *Placed reliance upon the review of the proposal by the NORSE investment advisory group which contains external advice.*

And subsequently recommend that the Policy and Resources Committee approve the creation of the company & Joint Venture.

Disposal of a Subsidiary Company

12. Hearth UK Limited – Norse Group and NPS [Linked to item 1 above]

This company was formed on 19 February 2007. The purpose of the company was to hold the intellectual property that is vested in the design of residential houses capable of straight forward extension with a method of purchasing finance not generally used in the UK residential housing market (Hearth Housing). The architect responsible for the design and innovation that is Hearth Housing has been employed by NPS since 2007.

The company has not traded since formation. However, the Hearth Housing concept is now being taken forward in partnership with Cornerstone Assets Ltd and it is anticipated that the first housing development using this model will commence in Devon in the next few months.

NPS has invested a considerable sum in the Hearth product which has required a financial model to be developed around the shared equity element, and this is where Cornerstone Assets has added value. Both companies (NPS and Cornerstone) have worked at risk alongside a Contractor to secure the opportunity in Devon and a formal joint venture with Cornerstone Assets Ltd would be the best way of sharing future risk and reward.

The proposal is, therefore, to dispose of 50% of the shares of the dormant Hearth (UK) Limited, with 40% going to Cornerstone Assets Ltd and 10% being assigned to the owner of the original concept. The new vehicle will then deliver future schemes but with the NPS sunk costs being the first call on future profits.

Comment from Executive Director of Finance

I have:

- *Reviewed the business case and papers in detail, paying particular attention to the maximum cash exposure to Norse Group through the lifetime of the project.*
- *Attended and contributed to the discussions on the proposal at the Norse Board on 25th November 2015.*

- *Sought additional assurances from the MD of Norse Group around the commercial elements of the proposal*
- *Attended the discussion of the proposal at NORSE Shareholders Committee on 4th January 2016*
- *Placed reliance upon the review of the proposal by the NORSE investment advisory group which contains external advice.*

And subsequently recommend that the Policy and Resources Committee approve the disposal of 50% of the Hearth UK company with 40% going to Cornerstone Assets ltd and 10% being assigned to owner of the original concept Mr Nigel Grainge

13. Norse Transform Limited – Norse Group and NPS

Norse Transform Limited was incorporated on 30 August 2013. This company was formed to bid for probation service work when the Norfolk Probation Service was to be restructured. In the event, the anticipated opportunity did not materialise and the company was dissolved on 21 July 2015.

Comment from Executive Director of Finance

I have:

- *Placed reliance upon the advice of the Managing Director of NPS.*

And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the dissolving of the company

14. NPS Asia Pacific Limited – Norse Group and NPS

As in 3 above, NPS Asia Pacific Ltd was incorporated in Hong Kong on 10 December 2014. The company was formed with the intention of pursuing opportunities to provide energy efficiency consultancy in China.

Comment from Executive Director of Finance

I have:

- *Placed reliance upon the advice of the Managing Director of NPS.*

And subsequently recommend that the Policy and Resources Committee (Retrospectively) approve the dissolving of the company

Change of Business

15. Private Beds in Residential Care Homes.

NorseCare has worked with the County Council to develop a new business model for the company.

This business model includes NorseCare providing residential care to older persons who are able to fund their own residential care in order to maintain the businesses profitability long term. The provision of residential care to elderly persons who are self-funding was not envisaged in 2011 when the residential Homes transferred to the company.

Comment from Executive Director of Finance

I have:

- *Been subject to various discussions at Norse Board meeting as to the merits of exploiting the sale Private Beds in residential homes.*
- *I have reviewed Norse Board papers that show clearly the financial opportunity this presents.*

<u>*And subsequently recommend that the Policy & Resources Committee (Retrospectively) approve this change in business activity.*</u>

16. Property Development – NPS

As part of its diversification strategy, the NPS Group is seeking to expand its services to include property development. The demand for new houses is recognized as a national priority and a number of public and private sector bodies are actively looking at innovative ways of delivering more homes.

NPS is uniquely placed to work with potential partners to deliver the new houses required. Any development opportunity will be subject to the usual Board approvals, including those from the Investment Advisory Group, should any capital investment be required.

Comment from Executive Director of Finance

This pertains to items 1 and 12 above

<u>*And subsequently recommend that the Policy & Resources Committee approve this change in business activity.*</u>

17. Change of Banking arrangements

Comment from Executive Director of Finance

- *This is in line with the County Council's change in Banking arrangements.*

And subsequently recommend that the Policy & Resources Committee (Retrospectively) approve this change.

18. Accounting Reference

Comment from Executive Director of Finance

- This change was made at the County Council's request to bring the Norse financial year in line with the County Council's

And subsequently recommend that the Policy & Resources Committee (Retrospectively) approve this change.

Note:

The Investment Advisory Group contains the following independent members

- Chris Maw – Partner – PricewaterhouseCoopers LLP
- Ian Findlater – (formerly Group Business Development Manager for May Gurney) Independent Consultant

Policy and Resources Committee

Item No 10

Report title:	**Second Enterprise Zone – Establishment of New Anglia: "Space to Innovate"**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**

Strategic impact

This report sets out details of the current position of ongoing negotiations between the New Anglia Local Enterprise Partnership (the LEP), County Councils, and relevant District Councils to enable the establishment of a second Enterprise Zone in Norfolk and Suffolk – New Anglia: "Space to Innovate".

The final terms of legal agreements, including the share of income from growth in the zone to be received by the parties to the agreement, need to be agreed in March in order to enable the establishment of the new Enterprise Zone from 1 April 2016. There will be a separate legal agreement between the LEP, County Council and relevant District Council for each site within the new Enterprise Zone. The agreements will have some variations to take account of any site-specific differences or issues.

Executive summary

The Government's Spending Review in 2015 confirmed the establishment of a second Enterprise Zone in the New Anglia LEP area, called New Anglia: "Space to Innovate". In addition, the Spending Review confirmed the expansion of the existing Great Yarmouth and Lowestoft Enterprise Zone in 2017.

The new Enterprise Zone will incorporate a number of sites across Norfolk and Suffolk. In Norfolk these are:

- Scottow (North Norfolk)
- Egmere (North Norfolk)
- Norwich Research Park (South Norfolk)
- Nar Ouse Business Park (King's Lynn and West Norfolk)

A formal legal agreement for each site needs to be reached on the distribution of the growth in Business Rates income from the new Enterprise Zone between the relevant County and District Councils, and the New Anglia LEP. Negotiations to agree this split are currently ongoing with Districts and the LEP, and the agreement needs to be completed in March to allow the Zone to begin operation on 1 April 2016.

Recommendations:

Policy and Resources Committee is recommended to:

1. **Delegate to the Executive Director of Finance the power (after consultation with the Chairman of Policy and Resources Committee) to negotiate and settle the terms of the agreement with the other parties and to complete that**

agreement.

2. **Note that the proposed agreement includes a review clause by 2020 to reflect the significant level of uncertainty around changes to the Business Rates system.**

1. Background

1.1. The Great Yarmouth and Lowestoft Enterprise Zone was approved in 2011. Enterprise Zones are intended to “unlock” difficult development sites and help to generate economic growth. A key benefit of an Enterprise Zone for local authorities is that the local area gains 100% retention of the Business Rates uplift from within the Enterprise Zone, with an expectation from Government that this income is channelled to the Local Enterprise Partnership (in Norfolk and Suffolk, the New Anglia LEP). One of the attractions of a Zone for businesses is the offer of relief from Business Rates up to £275,000. This relief is reimbursed to the relevant local authority. Appendix 1 to this report provides further details of the operation of the current business rates retention system, and the impact of an Enterprise Zone.

1.2. Agreement was reached in 2012 on the division of the forecast Business Rates growth which would accrue from the Great Yarmouth and Lowestoft Enterprise Zone. This took the form of a formal legal agreement with the LEP. Business Rate income from the Enterprise Zone was estimated as being worth approximately £118 million for Norfolk as a whole over the 25-year life of the Zone. The agreement saw funding distributed into three “pots” as follows:

- Pot A – 10% – to cover the District Council’s costs / loss of income (such as planning fees for development and Community Infrastructure Levy contributions required for infrastructure within their area).
- Pot B – 35% – to support investment that directly assists the development of the zone.
- Pot C – 55% – to provide a “challenge fund” for investment across the area (Norfolk and Suffolk).

1.3. In common with the approach adopted by Suffolk, the County Council waived any share of the additional income on the following broad grounds:

- The income foregone reflected a loss of discretion over the use of the funds, rather than a loss of funds to the locality (i.e. to Norfolk);
- The value of income from the Enterprise Zone was significantly more than would have been retained locally without an Enterprise Zone in place, thanks to the arrangements for 100% retention in a Zone and the absence of a Business Rates Pool before 2013-14; and
- There was considerable uncertainty as to whether the same level of growth would have been achieved in the area if there were no Enterprise Zone.

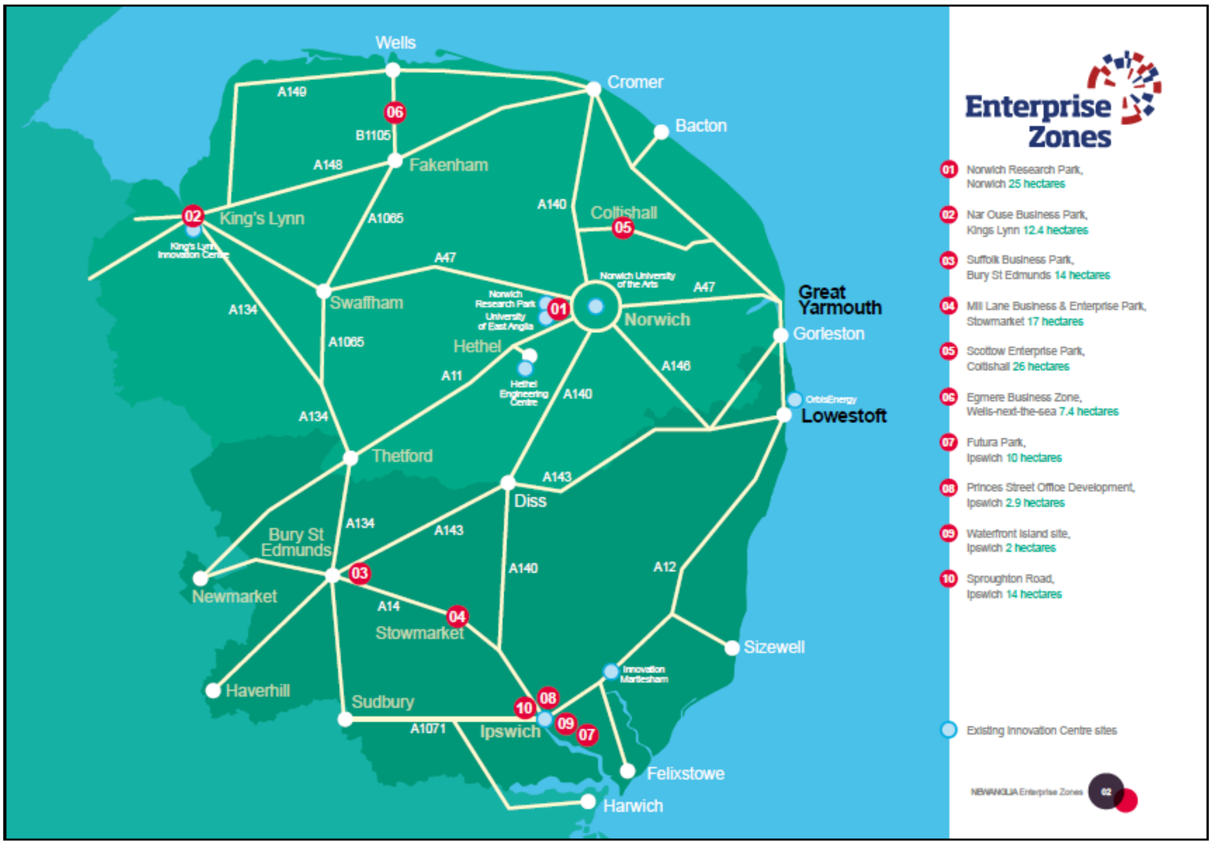
1.4. The Spending Review in 2015 has confirmed the establishment of a second Enterprise Zone in the New Anglia LEP area New Anglia: “Space to Innovate,” and the expansion of the Great Yarmouth and Lowestoft zone in 2017.

1.5. The new Enterprise Zone will incorporate a number of sites. In Norfolk these are:

- Scottow
- Egmere
- Norwich Research Park
- Nar Ouse Business Park

1.6. The location of all proposed sites in the new Zone are shown below.

Chart 1: New Anglia: “Space to Innovate” sites



2. Projected Business Rates growth impact of new Enterprise Zone

2.1. The projected growth in business rates from the new Norfolk sites over the 25 year life of the Enterprise Zone is as follows:

Table 1: Business Rates Uplift from Proposed Norfolk Sites – over 25 years

Site	District	50% Retained	100% Retained	Baseline PA	Existing business rates (Baseline) 25 years	Net uplift
		£m	£m	£	£m	£m
Norwich Research Park	SNDC	32.180	64.360	193,777	4.844	**59.516**
Nar Ouse Business Park	KLWN	14.100	28.200	-	0.000	**28.200**
Scottow	NNDC	3.650	7.300	-	0.000	**7.300**
Egmere	NNDC	3.280	6.560	-	0.000	**6.560**
Total		**53.210**	**106.420**	**193,777**	**4.844**	**101.576**

2.2. The forecast benefit for Norfolk from the new Enterprise Zone over 25 years is therefore in the order of £102m. This compares to the projected uplift of £118m from the original Great Yarmouth and Lowestoft Zone.

3. Key issues and uncertainties

3.1. In order for the new Enterprise Zone to be established, a formal agreement between the parties involved needs to be reached on the distribution of the income from the new Zone. However, the starting position for this new agreement is more complicated than was the case at the time the original Enterprise Zone was set up, for the following reasons:

- There is significant uncertainty over the Government's plans for 100% business rates retention by local authorities, which is due to be implemented by 2019-20. This has a potentially significant impact on the Council's future revenue streams and arguably reduces the attractiveness of the Enterprise Zone offer. This is because the benefit of 100% of rates remaining in the locality would no longer be set against the lower retention level which currently exists in the absence of an Enterprise Zone.
- The scale and scope of areas within the Enterprise Zone(s) are increasing and are now proposed to cover a more significant proportion of the available development land in Norfolk. This is likely to have an increasing impact on the potential for growth elsewhere, although the potential effect of this is difficult to estimate with any degree of certainty.
- The existence of Business Rates pooling reduces the attractiveness of the Enterprise Zone arrangements compared to the arrangements in place at the time of the establishment of the original Great Yarmouth and Lowestoft Zone. This is because the pool would retain 50% of business rates growth in any case, assuming that:
    - the growth would occur without the existence of an Enterprise Zone; and
    - the pool remained in a top-up position.

  It should however be noted that in this pool scenario, the County Council would still lose an element of discretion over the allocation of these funds, which are used for economic development projects agreed by Norfolk Leaders. However, agreement could be sought in future with members of the pool for these funds to flow to individual council budgets.

3.2. As a result of the above issues, the County Council will potentially be foregoing significant business rates income over a 25 year period through the establishment of the second Enterprise Zone. However, there is considerable uncertainty as to the value of the income that would be foregone due to the expectation of a switch to the 100% retention of Business Rates. It also is unknown at this stage whether the current 80:20 split of Business Rates between District and County Councils will be impacted by the planned changes, but this is considered likely.

3.3. There is considerable uncertainty at this stage about how Enterprise Zone arrangements will interact with plans for the 100% retention of business rates, although it appears likely that Enterprise Zones will be prioritised by the Government. It also remains difficult to determine to what extent the Enterprise Zone will generate new, additional growth, or will instead “supress” growth elsewhere, particularly in view of the increased size and scope of the Enterprise Zones. Notwithstanding these considerations, the fundamental issue remains a loss of discretion over the use of funding, rather than the loss of this income to the local area as a whole.

3.4. In summary, it is difficult to establish with certainty the level of income that the Council will forego as a result of any agreement for the following reasons:

- It is debateable whether the same levels of growth would be achievable in these areas without an Enterprise Zone, particularly as the levels of investment delivered through Pot B allocations would be unlikely to be found without the Enterprise Zone status. The specific funding through Pot B is used to enable, enhance and / or accelerate development within the Enterprise Zone;
- There is no certainty about the likely District / County allocation split – which is expected to change from the current 80:20 when 100% retention is introduced; and
- It is not possible to predict the potential impact of a reassessment of baselines against which growth will be measured.

3.5. Under current arrangements, and assuming growth of £102m were achieved without an Enterprise Zone, the County Council would be entitled to receive approximately £10.2m over 25 years (£102m x 50% x 20%), plus a share of pool income which could be as much as £4m[1] (assuming all areas are part of the pool and there were no reset of Business Rates baselines). In reality, the baselines would be reset, and the pool funding would be unlikely to be directly allocated to individual authorities in this way. Equally, the arrangements for 100% retention could see the Council entitled to a significantly larger share after 2019-20. The uncertainties about the achievability of these increases without the presence of an Enterprise Zone would, however, remain.

4. Proposed terms

4.1. In view of the significant growth in Business Rates expected to accrue to the local area from the establishment of the new Enterprise Zone, it remains the case that, on balance, the creation of an Enterprise Zone represents a positive financial opportunity for the area and the County Council. The County Council will derive benefit from a share of Pot A, which will also be reviewed to take account of the impacts of changes in the Business Rates system from 2020. In addition, the area as a whole will gain through the significant investment in the Enterprise Zone sites via Pot B. The County Council will also have the

[1] A 20% share of the saved levy on District growth (£102m x 50% x 80% x 50% x 20%).

opportunity to bid for funds for projects from the significant resources available through Pot C.

4.2. It remains debateable to what extent growth would be achieved in these areas without the presence of an Enterprise Zone. The agreement will also provide a means to channel investment towards economic development, which should help to sustain business growth and deliver future increases in income through the Business Rates Retention scheme.

4.3. The draft legal agreement proposes that the New Anglia: “Space to Innovate” Zone be established with the following three overall objectives as underlying principles which will underpin the allocation of business rates which fall within the control of New Anglia as follows:

- To ensure that the finances of the Collecting Authority (District Council) are not disadvantaged by the development of the Area;
- To earmark funds to accelerate the growth of the Area and so increase the growth in business rates and resulting amount which falls under the control of New Anglia; and
- To develop a challenge fund which will invest in projects to deliver jobs and growth across the County including within the electoral areas of the Collecting Authority.

4.4. The increase in the area now dedicated to Enterprise Zones, and the unknown impact that this may have on development and growth outside these Zones, means that it is prudent for the County Council to seek a small share of the future income stream to offset some of the income that will potentially be foregone. Negotiations have therefore been undertaken on the basis of the County Council seeking a share of 2.5% to be allocated to Pot A, with an offsetting reduction to Pot B and / or Pot C as appropriate. This is based on a District share of Pot A at 10% and therefore reflects maintaining the existing principle of an 80:20 split between District and County. Negotiations about the size of the District share are currently ongoing. In addition, the final allocations between Pot B and Pot C are likely to vary on a site by site basis, based on the levels of investment required to generate growth at each site. Norwich Research Park, for example, is forecast to require a larger Pot B to support initial investment in the site.

4.5. If the County Council were to receive 2.5% of the growth from a “Pot A” allocation, this would amount to approximately £2.55 million over the 25 years. This income would not be ring-fenced and so would support the Council’s general revenue budget in future years.

4.6. As a result of the considerable uncertainty around the changes to the Business Rates Retention scheme, including the move to 100% local retention, the draft legal agreement is also being prepared on the basis that it includes provision for the proportion of funds allocated to Pot A and Pot C to be reviewed. The proportion allocated to Pot B will be protected in this review as it will be required to support up-front investment in site development.

4.7. The draft agreement is therefore being prepared to acknowledge that a change in government policy is expected by April 2020 which will change the proportion of the Business Rates growth which may be due to the District and County Councils. This will allow for the parties to review the proportions of the Business Rates growth which are held as Pot A and Pot C no later than 30 June 2020, or earlier if the parties agree. This will potentially allow an increase in the proportion of Business Rates growth allocated to Pot A, and a balancing decrease in the proportion held as Pot C, from the time of, and to the extent permitted by, the change in government policy.

4.8. In view of the need to complete the agreement this month in order for the Zone to be established from April 2016, it is recommended that the Committee delegate the power to negotiate and settle the terms of the agreement with the other parties, and to complete that agreement, to the Executive Director of Finance in consultation with the Chairman of Policy and Resources Committee.

Officer Contact

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

Officer Name:	**Tel No:**	**Email address:**
Simon George	01603 222400	simon.george@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk

IN TRAN communication for all

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

Operation of the Business Rates Retention System

Overview

The Local Government Finance Act 2012 introduced changes to the funding system for local 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. The new scheme does not alter the way that business rates are set, and they continue to be set nationally by central government.

Further changes are anticipated following the announcement of the full local retention of business rates, expected to be in place by 2020. This note does not reflect these proposals, which have not yet been set out in detail.

Tariff and Top-Up

The business rates system notionally splits the 50% of business rates retained locally on an 80:20 basis between lower tier authorities and upper tier authorities. However, this notional split is then compared to an authority's baseline funding level. What this means is that in two tier areas such as Norfolk, the upper tier authority, in this case Norfolk County Council, will receive a top-up from the Government and the district authorities will pay a tariff to central government.

In Norfolk, based on the figures released for the Final Settlement[2], for 2016-17, the actual final proportions of Business Rates funding local authority budgets after tariff and top-up payments have been taken into account are as follows:

[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499148/Key_info_for_local_authorities.xlsx

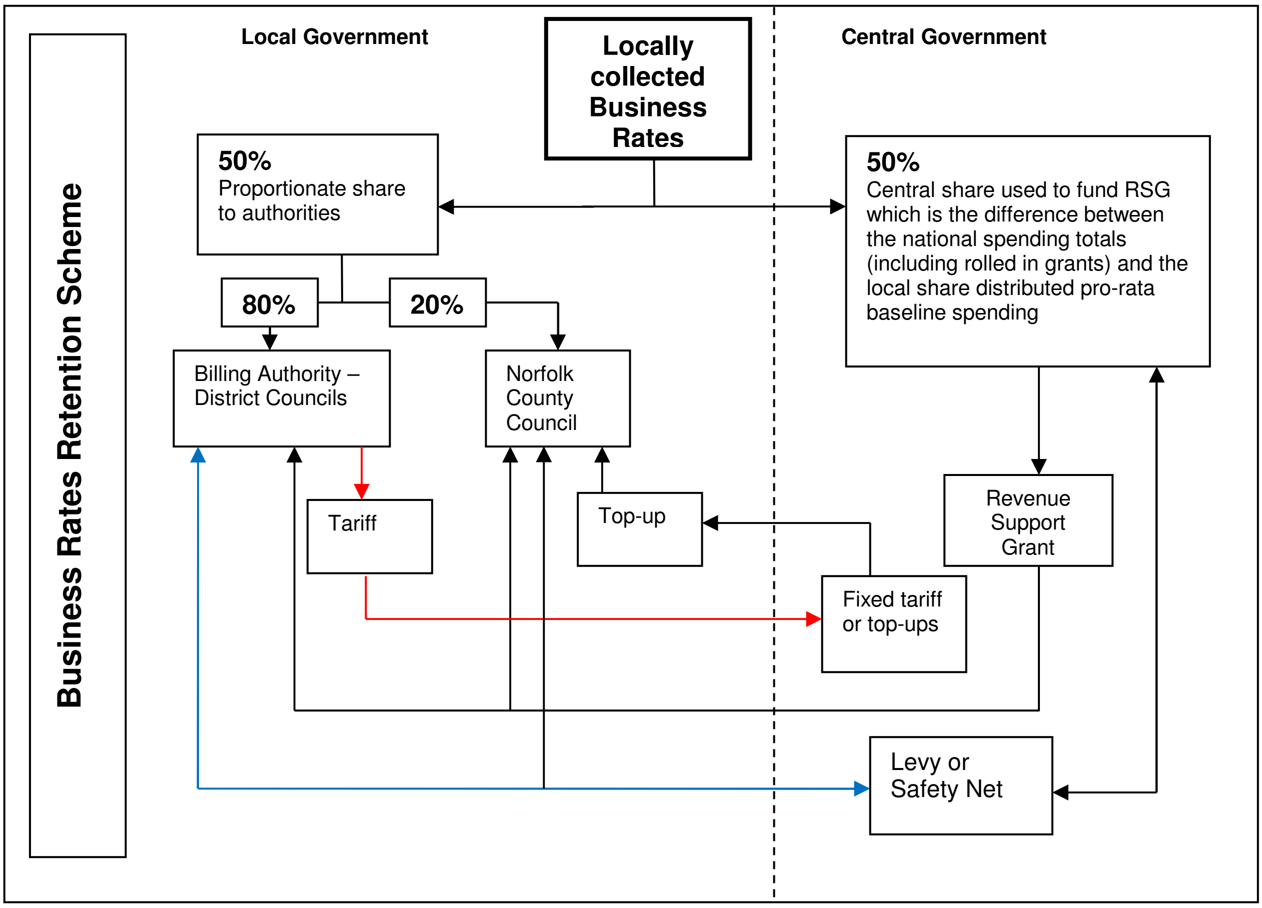
Operation of the Business Rates Retention System

	Baseline Forecast Total Business Rates to be Collected 2016-17 (DCLG)	Central Government 50% Share	Notional Upper Tier 10% Share (a)	Notional Lower Tier 40% Share (a)	DCLG Set Baseline Funding Level (b)	Tariff / Top-Up (b-a)	Business Rates Income Retained through Settlement Funding Assessment	Final Retained Rates as % of Total Collected
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Breckland	28.98	-14.49	-2.90	11.59	3.62	-7.97	**3.62**	13%
Broadland	29.07	-14.53	-2.91	11.63	2.63	-9.00	**2.63**	9%
Great Yarmouth	30.61	-15.31	-3.06	12.24	3.51	-8.73	**3.51**	11%
Kings Lynn and West Norfolk	42.11	-21.06	-4.21	16.85	5.03	-11.82	**5.03**	12%
North Norfolk	24.39	-12.20	-2.44	9.76	2.95	-6.81	**2.95**	12%
Norwich	78.95	-39.47	-7.89	31.58	5.48	-26.10	**5.48**	7%
South Norfolk	27.74	-13.87	-2.77	11.10	2.86	-8.24	**2.86**	10%
District Sub-Total	**261.85**	**-130.92**	**-26.18**	**104.74**	**26.08**	**-78.66**	**26.08**	**10%**
Norfolk County Council	0.00	0.00	26.18	0.00	141.87	115.69	**141.87**	54%
Central Government	0.00	130.92	0.00	0.00	0.00	-37.03	**93.90**	36%
Total	**261.85**	**0.00**	**0.00**	**104.74**	**167.95**	**0.00**	**261.85**	**100%**

Operation of the Business Rates Retention System

Figure 1 below illustrates how these flows of funding operate within a two tier area. This also includes Revenue Support Grant, funded from the 50% Central Government share.

Figure 1: Business Rates Retention Scheme



The "tariff" line, highlighted in red, effectively means Districts do not retain 40% of rates collected in the system. This is due to the tariff and top-up system which ensures baseline rates funding is allocated according to nationally assessed need.

The system also allows Local Authorities to retain **a 50% share of all growth** in Business Rates above the baseline. However, this is subject to a levy on growth which ensures that for every 1% increase in the amount of business rates an authority collects above a baseline amount, it will get to keep no more than the equivalent of a 1% increase in its baseline funding level, except where this would require a levy rate of more than 50 pence in the pound. In such cases the levy is capped at 50% - this is the rate for all Norfolk Districts. The "levy" line which reduces any growth in the rates retained by the billing authority from the theoretical 40% level (i.e. the 80% of the authorities' 50% share) to an effective level of 20% is highlighted in blue in the diagram above.

Business Rates Pooling

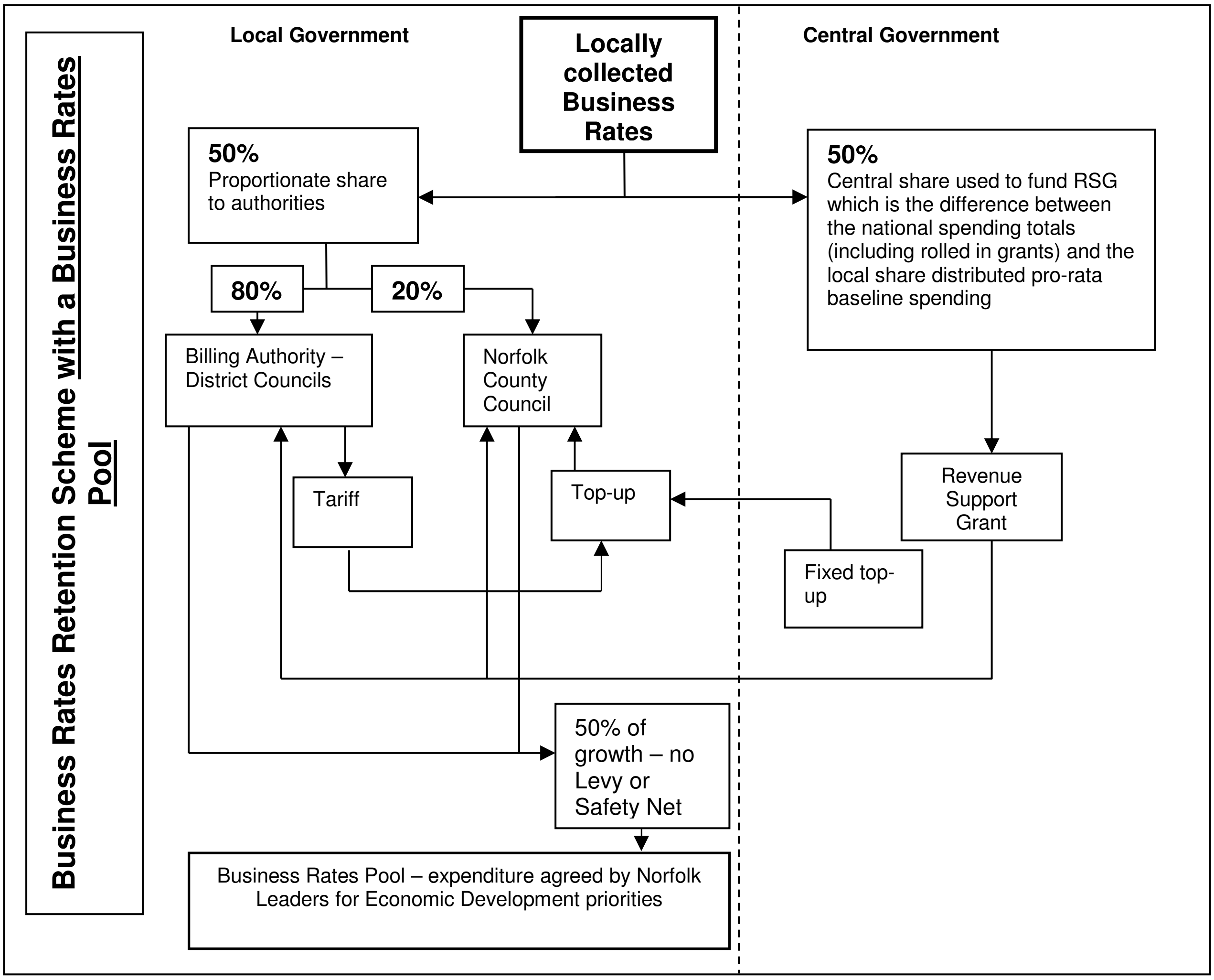
In the absence of a pool, the levy is payable to central government on any increase in business rates growth over and above the baseline funding level. The levy rate for all Norfolk district authorities is 50%.

In Norfolk, the establishment of a Business Rates Pool retains this levy for the members of the pool as a whole. This is because a Business Rates Pool allows a group of authorities to "pool" their Business Rates baseline position. It is advantageous where

the overall pool is in a top-up situation as no levy on growth is then due for the individual members.

Figure 2 illustrates the impact of a pool, compared to the default operation of the scheme shown in Figure 1.

Figure 2: Business Rates Retention Scheme – impact of a Business Rates Pool



Enterprise Zones

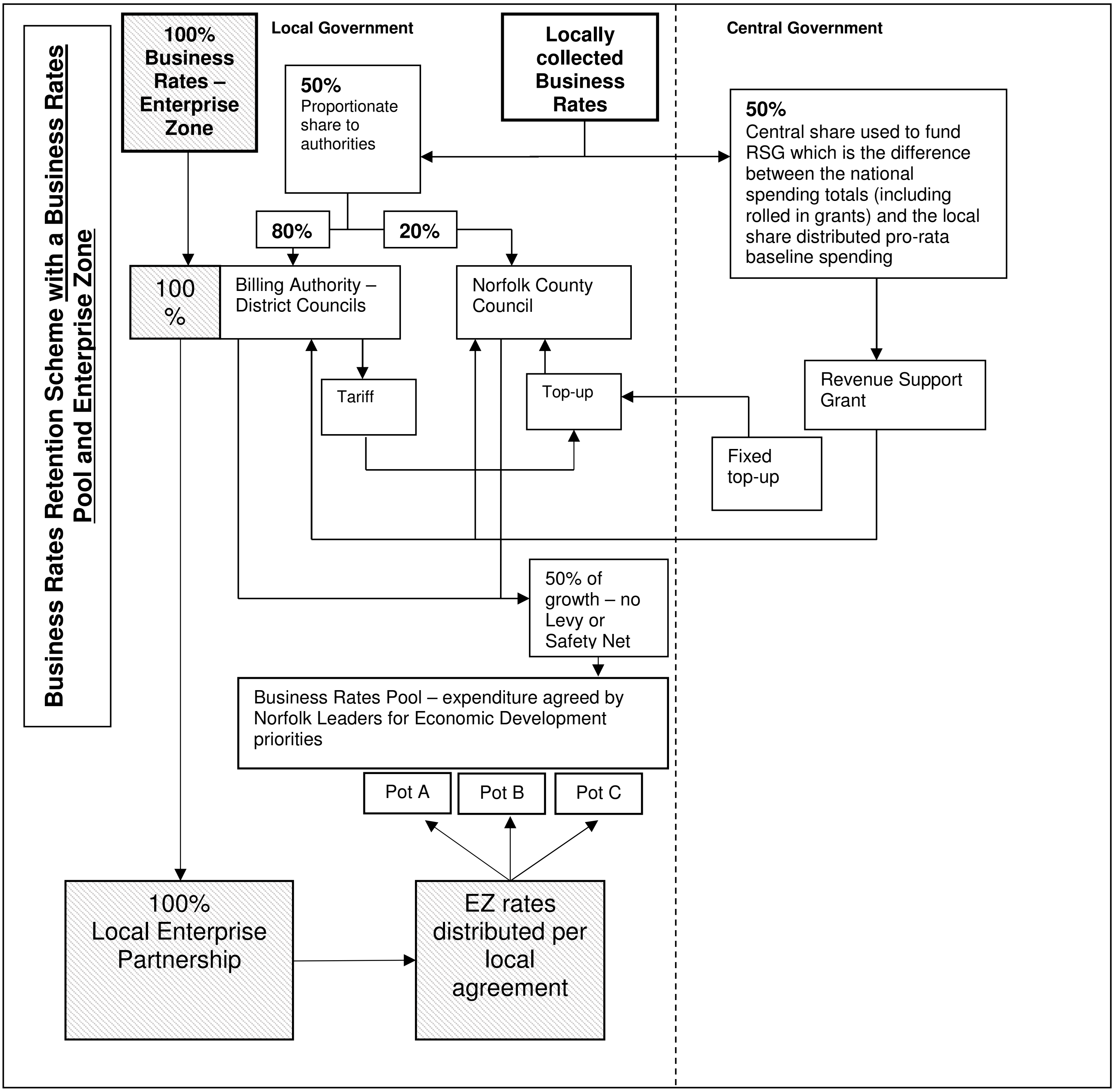
The establishment of an Enterprise Zone allows for the retention of 100% of growth within the Zone in the County. Under existing arrangements, if no Enterprise Zone were in place, the maximum amount of growth that would be directly retained by a District Council would be 20%, with a further 20% potentially going into the Business Rates Pool. However, this does not take into account:

- That the Enterprise Zone growth is not guaranteed and in particular that the growth might not be achieved without the Zone in place.
- That resets in the Business Rates baseline (due to occur every five years) would remove the 20% share of growth flowing to the District over the medium term. In contrast the Enterprise Zone agreement will secure the growth for the local authorities via Pot A for the 25 year period (notwithstanding any review for the system changes in 2020).

Figure 3 sets out the flows of rates from an Enterprise Zone.

Operation of the Business Rates Retention System

Figure 3: Business Rates Retention Scheme – Business Rates Pool and Enterprise Zone



Summary

The impact of these arrangements is that District Authorities in Norfolk receive Business Rates funding as part of their Settlement Funding Assessment in a range between 7 and 13% of the total amount collected.

District Authorities then retain 20% of total growth in rates collected over the baseline levels.

On top of this Norfolk as a whole gains through the pooling arrangements the remaining 20% of growth, which would otherwise have been paid to Central Government as a levy, for those Districts within the Pool. This is spent on Economic Development projects across Norfolk as agreed by the Norfolk Leader's group. Current arrangements do not see this funding returning to councils' revenue budgets.

An Enterprise Zone will allow 100% of rates growth in the Zone to be retained by Norfolk, allocated in line with the agreement with the LEP.

Policy and Resources Committee

Item No 11a

Report title:	**Review of Financial Standing Orders (FSOs)**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

It is best practice to undertake an annual review of Financial Regulations. This review is required to ensure that Regulations continue to comply with legislation, meet the Council's needs, and accurately reflect the environment in which the Council operates. Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control.

Executive summary

Financial Regulations were considered by the Constitution Advisory Group and Policy and Resources Committee in November 2015, and then by County Council in December 2015. The County Council agreed to defer a decision on the adoption of the revised Financial Regulations, pending a further review of the arrangements for the virement of budget between Service Committees.

This report recommends a further amendment to the Financial Regulations of the County Council, reflecting the points raised at County Council in December 2015. These changes have been considered by the Constitution Advisory Group on 9 March 2016.

Recommendation:

Policy and Resources Committee is asked to agree to recommend the changes to the Financial Regulations to County Council, subject to any amendments they consider necessary.

1. Proposal – Changes to Financial Regulations

1.1. The updated draft Financial Regulations are appended to this report. Within the appendix, all changes (with the exception of minor formatting changes) are shown highlighted as "tracked" changes. Appendix 1 of the report to Policy and Resources Committee of 30 November 2015[1] (agenda item 9) sets out details of the key changes in the Regulations as proposed to County Council in December 2015. The Financial Regulations recommended by Policy and Resources Committee to Full Council incorporated the changes recommended by the Constitution Advisory Group at its meeting in November 2015.

[1] http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/378/Committee/21/SelectedTab/Documents/Default.aspx

1.2. At its meeting of 14 December 2015, the County Council agreed to defer a decision on the adoption of the revised Financial Regulations, pending a further review of the arrangements for the virement of budget between Service Committees. Concerns were raised that the current arrangements for the virement of budget, which is currently reserved to Full Council in respect of virements between Service Committees, restricted the Council's flexibility to manage its budget during the year. This was in part due to the relative infrequency of Full Council meetings.

1.3. In order to address this issue, an amendment to the Scheme of Virement (Annex A of Appendix 1 to this report) was proposed to the Constitution Advisory Group to provide for virements between Service Committees to be approved by Policy and Resources Committee, subject to agreement by the Service Committees concerned and up to a maximum level of 1% of the net budget of the service concerned, or £100,000, whichever is the greater. The Constitution Advisory Group considered this proposal and recommended that the virement limit be capped at £200,000, rather than allowing for a percentage amount. This recommendation has been incorporated into the proposed Regulations.

1.4. A further minor change was proposed to the Constitution Advisory Group as shown below to clarify the date on which the County Council adopted the County Farms Policy.

1.5. The following changes to Financial Regulations, as recommended by the Constitution Advisory Group, are therefore proposed:

Proposed Financial Regulations Changes		
Change	**Original (2014)**	**Proposed (as submitted to P&R) (March 2016)**
Annex A – Norfolk County Council's Scheme of Virement has been amended to provide for virements between Service Committees to be approved by Policy and Resources Committee, subject to agreement by the Service Committees concerned and up to a maximum level of £200,000.	**Revenue** 6. County Council is responsible for agreeing virement between services (as shown in the budget report to County Council in February each year). 7. County Council is also responsible for agreeing virements between budget heads defined in 3 above – within services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to	**Revenue** 6. County Council is responsible for agreeing virement between services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000. 7. Policy and Resources Committee is responsible for agreeing virement between services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service committee(s) concerned. 8. County Council is also responsible for agreeing virements between budget heads defined in

Proposed Financial Regulations Changes		
Change	**Original (2014)**	**Proposed (as submitted to P&R) (March 2016)**
	schools. 8. All other virements are the responsibility of Chief Officers, subject to consultation with the Chair of the appropriate Committee and the agreement of the Executive Director of Finance. 9. Chief Officers may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.	3 above – within services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools. 9. All other virements are the responsibility of Chief Officers, subject to consultation with the Chair of the appropriate Committee and the agreement of the Executive Director of Finance. 10. Chief Officers may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.
5.12 Assets has been further amended to clarify the date on which full Council adopted the County Farms Policy. New test is shown in italics.	n/a	5.12.9 The County Council has an aspiration to at least maintain the size of its current County Farms estate, *under the County Farms policy agreed by the County Council in October 2014.*

1.6. The Committee's views on the proposed amendments are sought. There are no alternative options that the Committee needs to consider with regard to the adoption of the Financial Regulations.

1.7. Subject to any comments by the Committee, the revised Financial Regulations will be considered by Full Council on 11 April 2016.

2. Rationale

2.1. The adoption of updated Financial Regulations is essential to ensure that the Council continues to operate in line with statutory requirements. In practice, the

County Council has already been meeting the requirements of these new regulations; adoption of the draft regulations will consolidate existing best practice.

3. Financial Implications

3.1. There are no direct financial implications of the proposed amendments to Financial Regulations for the Annual Budget. There are however potential financial implications of not updating the Financial Regulations, in that a failure to reflect best practice and the current operating environment may lead to a weakening of financial control in some areas.

4. Issues, risks and innovation

4.1. Resource Implications

There are no direct resource implications from this report. However, updating the Financial Regulations helps ensure that standards for financial management reflect best practice and supports our service objective to safeguard and make the most economical use of resources and assets.

4.2. Legal Implications

Adoption of these updated Financial Regulations will help the Council to achieve good corporate governance. This, in turn, will help the Council to prevent crime under Section 17 of the Crime and Disorder Act.

4.3. Risks

Financial Regulations are part of the arrangements for ensuring good corporate governance and financial control.

Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control in some areas.

The risk of a weakening of financial control due to the regulations becoming out of date is currently considered to be low as the Council is already meeting the requirements of the draft regulations. However, this risk would increase if Financial Regulations were not reviewed regularly.

4.4. Equality Implications

An assessment of the relevance of this report to equality has been made and the recommendations of this report are not considered to have an effect on equality.

4.5. Human Rights Implications

An assessment of the relevance of this report to human rights has been made and the recommendations of this report are not considered to have an effect on human rights.

4.6. Environmental Impact

An assessment of the relevance of this report on environmental impacts has been made and the recommendations of this report are not considered to have any environmental impact.

4.7. Health and Safety Issues

An assessment of the relevance of this report on health and safety issues has been made and the recommendations of this report are not considered to have any impact on health and safety issues.

5. Background

5.1. As part of the constitutional review in 2014, the Council's Financial Regulations were updated, and were adopted by Full Council on 28 April 2014.

5.2. The Financial Regulations were also updated in 2013. Changes were recommended to Cabinet by the Audit Committee on 25 April, Cabinet then considered the recommendations at their meeting of 10 June, and they were agreed by County Council on 29 July.

Background Papers:

Norfolk County Council Financial Regulations 2014:
(http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/223/Committee/2/SelectedTab/Documents/Default.aspx)

Review of Financial Standing Orders (FSOs), Policy and Resources Committee (Agenda Item 9), 30 November 2015:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/378/Committee/21/SelectedTab/Documents/Default.aspx

Recommendations from Service Committees, Norfolk County Council (Agenda Item 6), 14 December 2015:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/364/Committee/2/SelectedTab/Documents/Default.aspx

Officer Contact

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

Officer Name:	Tel No:	Email address:
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk

IN TRAN communication for all

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

PART 7.7

FINANCIAL REGULATIONS

Background

A. The County Council's governance structure is laid down in its Constitution, which sets how the County Council operates; how decisions are made; and how procedures are followed.

B. The County Council has adopted a Committee form of governance.

C. Elected members are responsible for "ownership" of the County Council's financial management. Responsible Budget Officers (RBOs) act on behalf of the County Council in exercising that responsibility and in securing compliance with the County Council's Financial Regulations.

D. The County Council's Head of Paid Service, the Managing Director at Norfolk County Council, is responsible for the corporate and strategic management of the County Council. The Managing Director must report to, and provide information for, the County Council and its committees. Furthermore, the Managing Director is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Managing Director is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the County Council's decisions.

E. The Statutory Finance Officer, the Executive Director of Finance at Norfolk County Council, has statutory duties in relation to the administration and stewardship of the County Council's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit (England) Regulations 2011
- The Local Government Act 2003

F. The Executive Director of Finance is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development.

Contents

1. **Status of Financial Regulations**

1.1 **~~General~~Purpose and Scope**

1.1.1 These Financial Regulations provide the ~~framework~~basis for managing the County Council's financial affairs. They provide a framework for decision-making, which sets how specific statutory powers and duties are complied with, as well as reflecting best professional practices. This document also acts as a reference point to other documents which include the detailed policies and procedures behind these Financial Regulations.

~~1.1.1~~1.1.2 The Financial Regulations apply to every elected member and officer of the County Council and, when stated, to third parties acting specifically on its behalf. The Regulations apply to all Norfolk County Council's financial arrangements, including joint committees, save where there is express agreement to the contrary.

~~1.1.2 The Regulations identify the financial responsibilities of the County Council, its Committees, the Audit Committee, the Head of Finance and other Chief Officers.~~

1.2 **Key Roles and Responsibilities**

~~1.1.3~~1.2.1 The Regulations identify the financial responsibilities of the County Council, its Committees, the Audit Committee, the Executive Director of Finance and other Chief Officers.

~~1.1.4~~1.2.2 All elected members and staff have a general responsibility for taking reasonable action to provide for the security of the County Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.

~~1.1.5~~1.2.3 The Executive Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes necessary to County Council for approval and at a minimum annually. Elected members are responsible for considering and approving the County Council's Financial Regulations and for satisfying themselves that they are sufficient to ensure sound financial management of the County Council's resources.

~~1.1.6~~1.2.4 The Executive Director of Finance is responsible for reporting, where appropriate, breaches of the Financial Regulations to the County Council, its Committees and the Audit Committee.

~~1.1.7~~1.2.5 The Executive Director of Finance is responsible for issuing advice and guidance on the operation of the Financial Regulations. The County Council's detailed 'Financial Procedures', which support these Regulations, are determined by the Executive Director of Finance and set out how the Regulations will be implemented. Financial Procedures are described in separate guidance and have the same status as the Financial Regulations.

~~1.1.8~~1.2.6 Chief Officers are responsible for ensuring that all staff in their departments are aware of the existence and content of the County Council's Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them at all times. They must ensure that all staff have access to, or the opportunity to access, these Regulations, Procedures and other regulatory documents published on the County Council's internet and intranet (iNet) pages.

~~1.1.9~~1.2.7 The Executive Director of Finance is responsible for ensuring that both elected members and officers are sufficiently competent, trained and informed with regard to the financial affairs of the Council.

2. Financial Management

2.1 Introduction

2.1.1 Financial management covers all financial activities in relation to the running of the County Council, including the policy, framework and budget. In overall terms, elected members are responsible for agreeing the financial policy framework and officers are responsible for advising members, and for the operational delivery of financial processes in line with the agreed policy. The financial management responsibilities for particular members' groups and individual post-holders are detailed in this section.

2.2 The Council

2.2.1 The Council is responsible for adopting and changing the principles of governance and for approving or adopting the policy framework and budget within which the Committees operate.

2.2.2 The principles of decision making and the roles of the Leader and Committee Chairs are set out in Articles 5, 7 and 11 of the Norfolk County Council Constitution.

~~2.2.2 The Constitution allows decisions to be taken as follows:~~

- ~~Strategic Decisions – decisions regarding policy or resource allocation are reserved by law as matters which must be determined by the Council.~~
- ~~Reserved Decisions – decisions which are delegated by the Council to a Committee of the Council, whether in the terms of reference of committees or otherwise.~~
- ~~Council Delegated Decisions - decisions which are delegated from the Council or a Committee to officers.~~

~~2.2.3 All decisions must outline the financial implications of decisions being made.~~

~~2.3 The Leader and Committee Chairs~~

~~2.3.1 The Leader is responsible for directing the Council's affairs within the policy framework and budget.~~

~~2.3.2 The Committee Chairs are responsible for directing the Council's affairs within the policy framework and budget.~~

~~2.3.3 Committee Chairs are responsible for the overall financial management and value for money within their political portfolio.~~

~~2.4~~2.3 **Service Committees**

~~2.4.1~~2.3.1 Policy and Resources Committee

The Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan, and coordinating all other service committees. It monitors performance, budget monitoring and risk. In addition the Committee has responsibility for developing and monitoring corporate services including: ICT, finance and risk management, property and asset management, human resources and organisational development, legal, governance, communications and public affairs, and business continuity.

~~2.4.2~~2.3.2 Adult Social Care Committee

The Adult Social Care Committee is responsible for the commissioning and quality standards of adult social care services for people in Norfolk. It incorporates all those services, from protection to residential care, that help people live fulfilling lives and stay as independent as possible. It oversees the protection of vulnerable adults. The specific functions are:

Adult Social Care
Support for Carers
Protection for Vulnerable Adults
Supporting People
Drug and Alcohol Commissioning

~~2.4.3~~2.3.3 Children's Services Committee

The Children's Services Committee is responsible for services which help keep children and young people safe and fulfill their potential. It incorporates schools and social care for children and families. It has a particular focus on those children who are in care, and for whom the Council has corporate parenting responsibility. The specific functions are:

Early Years and Child Care
School Improvement
Additional Educational Needs
Child Protection
Children and Young People in Care
Fostering and Adoption
Youth Offending

~~2.4.4~~2.3.4 Environment, Development and Transport Committee

The Environment, Development and Transport Committee is responsible for protecting and enhancing the environment. It also incorporates travel and transport services to help keep the county moving, and maintains and develops the highway network. The specific functions are:

Climate Change Mitigation and Adaptation
Flood and Water Management (including statutory scrutiny of flood risk management)

Ecology and Arboriculture
Countryside Access
Archaeology, Heritage and Landscape
Waste Management and Recycling
Transport Strategy / Highways Network / Passenger Transport
Planning and Development Strategy and Management

~~2.4.5~~2.3.5 Communities Committee

The Communities Committee is responsible for those services which help build resilience in our communities and keep people safe. It focuses on how we engage with the public and how we make our services as customer friendly as possible. The specific functions are:

Cultural Services (including Libraries, Museums, Adult Education, Norfolk Records Service, Arts and Events)
Archive Centre
Adult Education
Trading Standards
Public Health
Fire and Rescue
Emergency Planning and Community Resilience
Customer Services
Community Relations and Engagement

~~2.5~~2.4 Statutory Officers

~~2.5.1~~2.4.1 The Head of Paid Service (Managing Director)

The Head of Paid Service is the Managing Director. The Managing Director is accountable to the Council and Service Committees on the manner in which the discharge of the Council's functions is coordinated.

~~2.5.2~~2.4.2 The Monitoring Officer (Head of Law)

The Monitoring Officer is responsible for maintaining an up-to-date version of the Constitution and contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee. He/she is also responsible, in conjunction with the Managing Director and the Executive Director of Finance for reporting to the Council or Service Committee if he/she considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law or any maladministration of injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered. The Monitoring Officer will also provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all members.

~~2.5.3~~2.4.3 The Chief Finance Officer (Executive Director of Finance)

The Council has designated the Executive Director of Finance as the Chief Finance Officer. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151, Local Government Act 1972
- The Local Authorities Goods and Services Act 1970 and 1988
- Section 114, Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Acts 2000 and 2003
- The Accounts and Audit (England) Regulations 2011
- The Local Government Pension Scheme Regulations 1974 and 1997
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 1998
- Localism Act 2011

There are other Statutory Officers roles as set out within the Constitution, these include: Executive Director of Children's Services, Executive Director of Adult Social Services, Chief Fire Officer and Director of Public Health.

~~2.6~~2.5 The Money Laundering Reporting Officer

The Head of Law is appointed as the Money Laundering Reporting Officer and the Team Leader, Public Law and Standards, nplaw as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.

~~The Head of Law is appointed as the Money Laundering Reporting Officer and the Service Director (Legal and Democratic Services) as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency~~

~~2.7~~2.6 Executive Director of Finance

The Executive Director of Finance has statutory duties in relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden.

~~2.7.1~~2.6.1 The Executive Director of Finance is also subject to compliance with Statements of Professional Practice issued from time to time.

The role of Executive Director of Finance complies with the principles in the CIPFA best practice statement on the "Role of the Chief Financial Officer in Local Government." This statement confirms that the Executive Director of Finance is not only a servant of the Council, but also has a fiduciary responsibility to local taxpayers as a trustee of public monies.

~~2.7.2~~2.6.2

~~2.7.3~~2.6.3 The Executive Director of Finance is responsible for:

- the proper administration of the County Council's financial affairs
- ensuring adherence to accounting standards

- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management, including the level of balances, closure of accounts and statement of accounts
- setting the framework for reporting financial implications to each Service Committee
- providing financial information on the corporate position of the County Council
- providing financial advice and information on all of the County Council's services
- preparing the overall revenue budget and capital programme, including the three year rolling medium term financial strategy
- preparing the asset management plan
- reporting on the robustness of the estimates made for the purposes of budget calculations, and the adequacy of proposed financial reserves
- effective administration of the treasury management function and aspects of pension fund administration and investment
- preparing the prudential indicators and ensuring adherence to the authorised limits set by Council
- defining standards of financial administration and management throughout the County Council
- defining the competencies of finance employees and for the delivery of effective and appropriate training and development opportunities to those employees
- advising on the adequacy and effectiveness of internal systems of control and internal audit
- delivering appropriate financial training to members and non-financial staff

~~2.7.4~~2.6.4 The Executive Director of Finance has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to enable lead finance managers for each service to report concurrently to the Executive Director of Finance and their Service Chief Officer on key financial matters.

~~2.7.5~~2.6.5 The Head of Profession role of the Executive Director of Finance carries the statutory responsibility laid down by **Section 151 of the Local Government Act 1972** to "make arrangements for the proper administration of the County Council's financial affairs."

~~2.7.6~~2.6.6 **Section 114 of the Local Government Finance Act 1988** requires the Executive Director of Finance to report to each member of the Council, and the External Auditor, if the County Council, a committee, or a joint committee on which the County Council is represented, or one of its officers:

- has made, or is about to make, a decision which involves the County Council incurring unlawful expenditure
- has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the County Council
- is about to make an unlawful entry in the County Council's accounts.

~~2.7.7~~2.6.7 Section 114 of the 1988 Act also requires:

- the Executive Director of Finance to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114
- the Authority to provide the Executive Director of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

~~2.7.8~~2.6.8 The Executive Director of Finance is responsible for ensuring that all services are appropriately supported by skilled finance professionals.

~~2.8~~2.7 ~~Chief Officer Group~~County Leadership Team

In addition to individual responsibilities the Managing Director and Chief Officers form the ~~Chief Officer Group~~County Leadership Team, which, acting together and corporately is responsible for:

- Advising on draft financial policies for consideration by relevant Committees.
- Working closely with the relevant Committees in developing financial policies.
- Being the primary mechanism for collectively ensuring the delivery of the Council's corporate financial policies.

~~2.9~~2.8 Chief Officers

~~2.9.1~~2.8.1 Chief Officers are responsible:

- for ensuring that the Council is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance
- for consulting with the Executive Director of Finance and seeking approval on any matter liable to materially affect the County Council's finances before any commitments are entered into or incurred. This includes notification to the Executive Director of Finance as soon as possible in the event of identification of overspending or of a shortfall in income against the budget approved by the Council; and
- for ensuring that budget monitoring is undertaken on a monthly basis, and that costs are contained within budget. In the event of identification of overspending or a shortfall in income against the budget, Chief Officers are responsible for ensuring that corrective action is managed in a rigorous manner.

~~2.9.2~~2.8.2 Chief Officers should maintain a written record where decision-making has been delegated to members of their staff, including seconded staff.

~~2.9.3~~2.8.3 Chief Officers' role includes working with outside bodies and accessing additional funds and resources in order to support the Council's programme of work.

~~2.10~~2.9 Other Financial Accountabilities

~~2.11~~2.10 Accounting Policies

2.10.1 The Executive Director of Finance is responsible for ensuring appropriate accounting policies are in place and that they are applied consistently across the County Council.

~~2.12~~2.11 Accounting Records and Returns

2.10.2 The Executive Director of Finance is responsible for the accounting procedures and records for the County Council and must ensure that the financial accounts and financial records of the County Council comply with all accounting policies and standards where applicable and that these standards are applied consistently across the County Council.

~~2.13~~2.12 Annual Statement of Accounts

2.10.3 The Executive Director of Finance is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with proper practices as required by the Accounts and Audit Regulations 2011. Proper practices include the Code of Practice on Local Authority Accounting in the United Kingdom (the code) and relevant statutory provisions. Council has delegated responsibility for approving the annual Statement of Accounts to the Audit Committee.

3. Financial Planning

3.1 Introduction

3.1.1 The Executive Director of Finance, in accordance with the strategies, policies and priorities of the County Council, is to be responsible for the proper administration of the financial affairs of the County Council, including multi-year financial planning and control.

3.2 Revenue Budget

3.2.1 The revenue budget is proposed by the Policy and Resources Committee, taking into account Service Committees' recommendations to Policy and Resources, and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by a committee.

3.3 Capital Budget

3.3.1 The capital budget is proposed by the Policy and Resources Committee and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and how the programme is to be funded and any impact on the revenue budget.

3.4 Medium Term Planning and Budget Preparation

3.4.1 The County Council is responsible for agreeing the Council's priorities. This sets the overall strategic framework for the County Council's services. The Medium Term Financial Strategy and Medium Term Financial Plan set out the approach and financial context for the County Council. The Financial Plan gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three year balanced budget and agreeing the precept for the following financial year at the February County Council meeting. Chief Officers are collectively responsible for developing a framework and timetable to deliver medium term planning requirements. This framework will include: review of the planning context and the forward budget planning forecast; service priorities and costs; and provide a structure incorporating the development of medium term service options including efficiencies, financial implications, risk impact and likelihood assessment; member engagement, public and stakeholder consultation and the decision- making process.

3.4.2 Policy and Resources Committee is responsible for providing guidance to Service Committees on the preparation of the budget in consultation with the Executive Director of Finance. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the County Council's core roles
- all available resources including external funding and income
- increases in demand, and inflation
- reductions due to changes~~reductions~~ in grant funding and cuts
- best value
- Government guidelines
- accounting standards
- the Prudential Code
- The County Council Plan
- Asset Management Plan
- Reserves, general and earmarked
- Arms' length bodies

It will also set out the minimum requirements for preparation of budget proposals including:

- option appraisal and use of whole life costing, comparing the relative costs of the options, over the life of the project. For example, whether to lease, purchase or new build;
- risk assessment and owner;
- single impact assessment, a Norfolk County Council tool to ensure all of the necessary key cross cutting issues are considered, including equality and sustainability; and
- Budget proposals pro-forma template to ensure that budget proposals are developed on a consistent basis by service committees.

3.4.3 The Executive Director of Finance is responsible for ensuring that rolling three-year revenue and capital budget proposals are prepared on an annual basis for consideration by the Policy and Resources Committee. The Policy and Resources Committee is responsible for ensuring that the three year revenue and capital budget proposals are robust and underpinned by an adequate level of reserves before submission to the County Council. The Policy and Resources Committee will publish to all County Council members each autumn the financial context for forward financial service planning, a review of the issues relating to the budget for the following financial year and a timetable for the preparation and approval of the budget. This timetable will take account of the need for discussion and review of the proposals by Service Committees and of the need for statutory and other consultation on the budget proposals.

3.4.4 It is the responsibility of Chief Officers to ensure that proposals are prepared in accordance with the guidance, to ensure that budgets are set on a sound financial basis and in accordance with best practice including ensuring that they have been risk assessed.

3.4.5 The Executive Director of Finance is responsible for ensuring that proposals demonstrate adherence to the guidance and members should ensure that any proposed budget amendments are made available to the Executive Director of Finance at least five working days before the County Council budget meeting. Members' proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance can report on the robustness of any proposed budget amendments.

3.4.6 The County Council will consider the budget proposals and may adopt them, amend them or substitute its own proposals in their place prior to March 1st. The County Council will agree at least a three year balanced budget and agree the precept for the following year.

3.5 Asset Management Plan

3.5.1 The Executive Director of Finance is responsible for ensuring an Asset Management Plan is prepared on an annual basis for consideration by Policy and Resources Committee before submission to County Council.

3.6 Decisions

3.6.1 All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken.

3.7 Budget Monitoring and Control

3.7.1 The Executive Director of Finance is responsible for monitoring income and expenditure against approved revenue and capital budget allocations and for reporting to the Policy and Resources Committee on the overall position on a monthly basis and the other Service Committees on their budgets on a monthly basis.

3.7.2 The Executive Director of Finance is responsible for monitoring the prudential indicators and reporting to the Policy and Resources Committee on the overall position on a monthly basis.

3.7.3 The Executive Director of Finance is responsible for monitoring the cash flow of the County Council and ensuring this is used to inform borrowing and investment decisions.

3.7.4 It is the responsibility of Chief Officers to control income and expenditure within their area in accordance with the approved budget and to monitor performance, taking account of financial information provided by the Executive Director of Finance. Chief Officers are responsible for alerting the Executive Director of Finance and the relevant Chair of the Service Committee or Chair of Policy and Resources Committee, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the Council. If the overspending or shortfall in income cannot be accommodated within the service's budget this shall be reported to the Policy and Resources Committee.

~~3.7.4~~3.7.5 Any policy proposal, which would have the effect of increasing a Service Committee's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service Committee's existing budget. Such proposals must be made available to the Executive Director of Finance at least five working days before the meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance can report on the robustness of any proposed budget amendments. In the event that the proposal falls outside the scope of the Policy Framework as set out in part 3.1 of the Constitution, it must be referred to Full Council for consideration.

~~3.7.5~~3.7.6 Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Head of Law and the Head of Procurement.

3.8 **Virement**

3.8.1 Virement is the process of transferring the budget expenditure or income, whether revenue or capital, from one approved budget head to another. The County Council is responsible for agreeing the overall procedures for the virement of budget and the approval of virements between committees. Chief Officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Executive Director of Finance where required. (The current approved procedures are shown in Annex A).

3.8.2 Schools are free to vire between budget heads in the expenditure of their budget shares but Governors are advised to establish criteria for virements and financial limits above which the approval of the Governors is required.

3.9 **Treatment of Year-End Balances**

3.9.1 Service Committees are required to report any under and overspendings to Policy and Resources Committee as part of year-end reporting. Policy and Resources Committee is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed.

3.9.2 The Executive Director of Finance is responsible for putting in place controls to ensure that carry- forward of revenue budget, revenue reserves and revenue grants above agreed limits are documented and reported to all Chief Officers and totals agreed by Service Committees.

3.9.3 The Executive Director of Finance is responsible for putting in place controls to ensure that carry- forward of capital budget, capital reserves and capital grants above agreed limits are documented and reported to all Chief Officers and totals agreed by Service Committees. Any slippage on the capital programme will be carried forward to the next financial year and reported to Service Committees.

3.10 Maintenance of Reserves

3.10.1 It is the responsibility of the Executive Director of Finance to review the Council's financial risks and planning assumptions and advise the Policy and Resources Committee and the County Council on prudent levels of reserves and of general balances as part of setting the budget. This advice needs to take account of relevant accounting standards and professional best practice as part of the Council's budget planning process and regular budget monitoring.

4. Governance, Risk Management and Internal Control

4.1 Governance

4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually, changes approved by the County Council and published as Appendix 2 to the Constitution. The composition is politically balanced and is reviewed at each appointment to the Committee.

4.1.2 Other member- led bodies that also have a role in governance and internal control include the County Council and, with respect to members, the Standards Committee.

4.2 Internal Control and Internal Audit

4.2.1 Internal control refers to the systems of management and other controls put in place to ensure that the County Council's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and in a way which ensures that the County Council's assets and interests are safeguarded.

4.2.2 The Executive Director of Finance is responsible for advising on adequate and effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant best practice.

4.2.3 It is the responsibility of Chief Officers, having regard to advice from the Executive Director of Finance, to establish sound arrangements for internal control including planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.

4.2.4 The Accounts and Audit Regulations 2011 require the County Council to:

- undertake an adequate and effective internal audit;
- review the effectiveness of its internal audit, at least annually; and
- ensure the Audit Committee considers the findings of that review as part of its consideration of the system of internal control for the County Council.

4.2.5 The Leader of the Council and the Managing Director are responsible for signing the Annual Governance Statement that should be produced following an annual review of systems of internal control. The Annual Governance Statement is published with the annual Statement of Accounts.

4.3 Risk Management

4.3.1 The County Council is responsible for approving the County Council's Risk Management Policy and Framework, and ensuring that proper insurance exists where appropriate.

4.3.2 The Audit Committee is responsible for reviewing the effectiveness of the County Council's risk management arrangements. It will receive risk management reports at least four times a year and take appropriate action to ensure that corporate business risks are being actively and appropriately managed. Annually, it will report on risk management to the County Council.

4.3.3 The Executive Director of Finance is responsible for informing the preparation of the County Council's risk management Policy and Framework, for promoting it throughout the County Council and for advising the Policy and Resources Committee on proper insurance cover where appropriate. The Executive Director of Finance will also report on the Corporate Risk Register to each meeting of the Audit Committee, and ensure that Departments report their departmental risk register at least twice per annum to their respective Service Committee.

4.4 External Audit

4.4.1 ~~The Audit Commission~~ (Public Sector Audit Appointments Limited (replacing the Audit Commission with effect from 1 April 2015) ~~or its successor body~~ is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by section 5 of the Audit Commission Act 1998.

4.4.2 The County Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

4.4.3 External auditors have a responsibility to satisfy themselves that the County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Executive Director of Finance, in conjunction with Chief Officers, must ensure that the organisation makes best use of resources and that taxpayers and / or service users receive value for money.

4.5 **Anti Fraud and Corruption**

4.5.1 In managing its responsibilities the County Council is determined to protect itself against fraud and corruption both from within the County Council and from outside. The County Council is committed to maintaining a strong anti-fraud and corruption culture through its Anti-Fraud and Corruption Strategy. This is designed to:

- Encourage prevention;
- Promote detection;
- Identify a clear pathway for investigation; and
- Fulfil the requirements of Section 17 of the Crime and Disorder Act 1998

4.5.2 The County Council expects members and staff at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices and internal controls including internal checks.

4.5.3 Chief Officers are responsible for ensuring that internal controls are such that fraud or corruption will be prevented, where possible, and the measures in the Anti-Fraud and Corruption Strategy are promoted.

4.5.4 Under the Anti-Fraud and Corruption Strategy, a Chief Officer is required to immediately inform the Executive Director of Finance of any financial irregularity or suspected financial irregularity.

4.5.5 The County Council expects that all who have dealings with it have a similar anti-fraud and corruption ethos and that they have no intent or actions with respect to fraud and corruption. (The County Council has issued guidance in "How to do business with Norfolk County Council" including whistleblowing, to support this).

4.6 **Money Laundering and Proceeds of Crime**

4.6.1 The County Council has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 and fuller details can be found in a procedures document on the Norfolk Public Law (nplaw) page of the County Council's Intranet site.

4.6.2 The County Council has nominated the Head of Law to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.

4.6.3 Chief Officers are responsible for ensuring that:

- all staff most likely to be exposed to, or suspicious of, money laundering situations are made aware of the requirements and obligations placed on the County Council and themselves by legislation;
- those staff considered most likely to encounter money laundering are given appropriate training (nplaw can provide relevant in-house training);
- departmental procedures are established to help forestall and prevent money

laundering, including making arrangements for reporting concerns about money laundering to the MLRO; and

- periodic and regular assessments are undertaken of the risks of money laundering that may exist in their Departments.

4.7 Treasury Management

4.7.1 The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services and complies with the CIPFA Prudential Code when carrying out borrowing and investment activities under Part 1 of the Local Government Act 2003.

4.7.2 The County Council is responsible for the setting and revising of prudential indicators and for the approval of the Annual Investment and Treasury Strategy.

4.7.3 The County Council has delegated responsibility to the Executive Director of Finance for the execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list. The counter party list contains details of those banks, building societies and other bodies that meet the County Council's criteria for investment. The Executive Director of Finance has delegated authority to effect movement between the separately agreed limits for borrowing and other long term liabilities reflected in the Prudential Code's operational and authorised limits. The Executive Director of Finance is required to act in accordance with the County Council's Treasury Management Policy Statement and Treasury Management Practices and CIPFA's Standards of Professional Practice on Treasury Management in accordance with external advice.

4.7.4 The Executive Director of Finance will prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close. In addition, the Executive Director of Finance will regularly report to the Treasury Management Panel and the Policy and Resources Committee on treasury management policies, practices, activities and performance monitoring information.

4.7.5 The Executive Director of Finance is responsible for monitoring performance against prudential indicators, including reporting significant deviations to the Policy and Resources Committee and County Council as appropriate.

4.7.6 The Executive Director of Finance is responsible for ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.

4.7.7 The Executive Director of Finance is responsible for ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.

4.7.8 The Executive Director of Finance is responsible for the provision and management of all banking services and facilities to the County Council.

4.8 Norfolk Pension Fund

4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, with its own regulator (the Department of Communities and Local Government), which is administered locally.

4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund, and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme.

4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme to the Pensions Committee, including admitted bodies which acts as quasi-trustee of the Fund.

4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account.

4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities.

4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as Amended).

4.8.7 The Pensions Committee is also responsible for the appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund.

4.8.8 The Executive Director of Finance is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance is responsible for the preparation of the Pension Fund annual report and the statement of accounts. The County Council delegates responsibility for the approval of the annual accounts to the Audit Committee.

4.8.9 The Norfolk Pension Fund has adopted a Statement of Investment Principles in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Statement of Investment Principles.

4.8.10 The Executive Director of Finance is custodian of the Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Executive Director of Finance is also the custodian of the Fund's Communication Strategy, which details the communication needs of its stakeholders.

4.8.11 The Executive Director of Finance ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.

5. Assets, Systems, Processes and Records

5.1 Introduction

5.1.1 Robust systems and procedures are essential to an effective framework of accountability and control.

5.2 Data Management

5.2.1 The ~~Chief Officer Group~~County Leadership Team is responsible for ensuring that policies and procedures are in place to enable management of data to support effective decision-making.

5.2.2 It is the responsibility of Chief Officers to ensure data management policies are understood and used effectively within their services.

5.3 Financial Processes and Data Protection

5.3.1 The Executive Director of Finance is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance must approve any changes made by Chief Officers to the financial processes or the establishment of new processes, including IT systems.

5.3.2 Chief Officers must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the Data Protection Act 1998 and that all staff are aware of their responsibilities under the Act and advice from the Information Commissioner.

5.3.3 Chief Officers must ensure that all staff are aware of their responsibilities under Freedom of Information legislation, and that procedures are in place to ensure compliance.

5.3.4 Chief Officers must ensure that all staff are aware of their responsibilities under the Code of recommended practice for local authorities on data transparency. These include:

- The requirement to maintain an inventory of data sets.
- The general requirement that, where data is published, it should be in a non-proprietary format and published in a timely fashion.
- The requirement to publish certain, specified data sets.

5.3.5 To ensure that open data which is published corporately is accurate and complete, Chief Officers must ensure that:

- All contracts over £50,000 are registered on the corporate contracts register maintained by the procurement team.
- All goods and services are ordered via one of the council's electronic ordering systems (for general purposes, Oracle iProcurement).
- All goods and services are ordered in advance and purchase order descriptions are accurate and complete.

- All changes of structure are notified to HR.

5.4 **Schemes of Authorisation**

5.4.1 It is the responsibility of Chief Officers to ensure that a proper scheme of authorisation has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the Chief Officer’s behalf, or on behalf of the Council, in respect of payments, income collection and procurement (including ordering), together with the limits of their authority. Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of authorisation. Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

5.5 **Income**

5.5.1 The Executive Director of Finance is responsible for the provision and management of all income collection arrangements for the County Council.

5.6 **Payments to Employees, Third Parties and Members**

5.6.1 Except for schools, the Executive Director of Finance is responsible for all payments of salaries and wages to all staff, including payments for overtime, goods and services provided, and for the payment of allowances to elected members. Schools have delegated responsibility under the LMS scheme.

5.7 **Taxation**

5.7.1 The Executive Director of Finance is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues, including VAT, that affect the County Council.

5.7.2 The Executive Director of Finance is responsible for maintaining the County Council’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

5.8 **Trading Accounts**

5.8.1 Policy and Resources Committee must approve the establishment of all Trading Accounts. Trading Accounts are required for all services that provide goods or services to a third party on a traded basis or where the organisation has identified that a service should operate as a separate trading unit.

5.8.2 The Executive Director of Finance is responsible for the form of the trading accounts included in the Trading Framework document. Chief Officers are responsible for reporting on the activities of any trading organisation within their respective areas of service, taking account of current accounting standards and best practice in reporting.

5.9 **Monitoring Reporting**

5.9.1 Chief Officers are responsible for ensuring that monthly budget monitoring reports for both revenue and capital expenditure and income are produced for their respective areas of service. The Executive Director of Finance is responsible for regularly reporting the details (including compliance with the Prudential Code) to Policy and Resources Committee.

5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Head of Law and the Head of Procurement.

5.10 **Companies / Trusts**

5.10.1 Policy and Resources Committee is responsible for:

- Approving the establishment and viability (including the business case) of all new companies / trusts.
- Approving investments in other companies / trusts, in which the County Council has a financial interest except where the investment is within criteria Policy and Resources Committee has previously delegated to a Chief Officer.
- Taking decisions as shareholder and sole trustee where appropriate.
- Monitoring and receiving reports on the County Council's companies.

5.10.2 Chief Officers are responsible for informing the Head of Law and Executive Director of Finance of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company are considered.

5.10.3 Chief Officers are also responsible for ensuring tight controls are in place for the financial management of loan and guarantor arrangements with Norfolk County Council owned companies. This includes ensuring the Executive Director of Finance is presented with robust business cases and signed loan agreements.

~~5.10.2~~5.10.4 The Executive Director of Finance is responsible for reviewing the ongoing viability of such entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.

~~5.10.3~~5.10.5 All relevant companies must have their accounts incorporated and consolidated within the County Council's financial accounts in accordance with proper accounting standards and best financial practice. The Executive Director of Finance is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.

~~5.10.4~~5.10.6 The appointment of directors to companies / trusts in which the County Council has an interest must be made by County Council, having regard to the advice of the Executive Director of Finance. The directors will then have a statutory duty to the company/trust and must therefore act in accordance with the Companies and/or Charities Act where applicable.

~~5.10.5~~5.10.7 The Executive Director of Finance and Head of Law should be contacted for assistance at an early stage to discuss the proposals.

5.11 Contract Standing Orders

5.11.1 Chief Officers are responsible for ensuring that the procurement of all goods, works and services is undertaken in accordance with the Council's Contract Standing Orders.

5.11.2 Contract Standing Orders form part of the County Council's Constitution and are the rules that govern how procurement will be undertaken by the Council, and what processes must be followed.

5.12 Assets

5.12.1 Chief Officers should ensure that records of assets are properly maintained and securely held (in practice property asset records are kept by the Corporate Property Team on behalf of Chief Officers). Chief Officers should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

5.12.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by virtue of the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to Policy and Resources for determination.

5.12.3 Disposal must be made by competitive tender or public auction unless the Executive Director of Finance authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.

5.12.4 All disposals, acquisitions and other property transactions are to be made only by the Council's Corporate Property Officer. In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer. The Council's named and designated Corporate Property Officer (the Head of Corporate Property) may, in accordance with arrangements approved by the Executive Director of Finance, dispose of assets, acquire assets and approve of transactions ~~up to an estimated value of £25,000 in each case~~as set out in the tables at 5.12.6 and 5.12.7 below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Part 6.2 of the Constitution).

5.12.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group~~Capital Asset Management Group (CCAMG) or its successor body~~ and where there is no alternative beneficial use such property will be reported to Policy and Resources Committee to confirm its status as a surplus asset to be disposed of.~~, the Head of Finance will recommend the disposal in accordance with the following schedule:~~

~~5.12.2~~5.12.6 The disposal of surplus assets will be undertaken as follows:

Property		Other Assets	
Disposal value* £m	**Responsibility and authorisation**	**Disposal value* £m**	**Responsibility and authorisation**
£0.500m+ (unless disposal specifically agreed within the annual budget-setting process)	Policy and Resources Committee	£0.500m+	Policy and Resources Committee
Between £0.025~~0~~m to £0.500m	Corporate Property Officer in consultation with the Executive Director of Finance, Managing Director and Chair of Policy and Resources Committee	£0.250m to £0.500m	Chief Officer in consultation with Executive Director of Finance
Up to £0.025~~0~~m	Corporate Property Officer	Up to £0.250m	Chief Officer
All disposals at less than best consideration (irrespective of value)	Policy and Resources Committee	All disposals at less than best consideration (irrespective of value)	Policy and Resources Committee
Leases**			
Operational properties – lease out or lease out renewals at a rent of £25,000 or more per annum, or the term is for 10 years or more	Policy and Resources Committee		
Operational properties – lease out or lease out renewals at a rent below £25,000 per annum, and the term is for less than 10 years	Corporate Property Officer		
Commercial properties – lease out or lease out renewals at a rent of £50,000 or more per annum, or the term is for 10 years or	Policy and Resources Committee		

more			
Commercial properties – lease out or lease out renewals at a rent below £50,000 per annum, and the term is for less than10 years	Corporate Property Officer in consultation with the Executive Director of Finance		

* Disposal value in this table refers to the valuation of the asset, irrespective of the consideration to be received.

** For the purposes of leases, a distinction is made between the Operational Property Estate and the Commercial Property Estate as follows:

Operational Estate:

The operational estate relates to those property assets used principally for service delivery. At times parts of the operational estate may temporarily not be required for service delivery but are retained where there will be a future use. An example could be an office building. In addition, parts of the estate are let out to support service delivery by a third party on the council's behalf, for example a depot. In these instances the asset would be let to derive an income.

Commercial Estate:

The council holds some assets for economic development reasons (investment properties), which are let out to businesses to support the policies and aims of economic development as well as deriving a rental income. In this situation, the ebb and flow of leases requires commercial agility to be able to react to market demands. To support this requires the Corporate Property Officer to be able to agree terms of a lease quickly as circumstances dictate.

~~Disposals above £1million500,000 – Policy and Resources Committee.~~

~~Disposal between £250,000 and £1milion – Corporate Property Officer in consultation with Executive Director of Finance~~

~~Disposal below £250,000 – Corporate Property Officer~~

~~All disposals at less than best consideration (irrespective of value) – Policy and Resources Committee~~

~~Disposals between £10,000 and £500,000 (directly negotiated with the purchaser, release of claw back, below market value, or where, after being offered on the open market the best offer is not accepted) – Managing Director following consultation with the Chair of Policy and Resources Committee.~~

~~Disposals between £10,000 and £500,000 (where, after being offered on the open market the best offer is accepted) – Managing Director following consultation with the Chair of Policy and Resources Committee.~~

~~Disposals below £10,000 (directly negotiated with the purchaser, release of claw back, below market value, or where, after being offered on the open market the best offer is not accepted) – Managing Director (corporate property) with delegations to the Corporate Property Officer.~~

~~County Farms – Managing Director following consultation with the Chair of Policy and Resources Committee.~~

5.12.7 Acquisitions of assets will be undertaken as follows:

Property		Other Assets	
Acquisition value £m	**Responsibility and authorisation**	**Acquisition value £m**	**Responsibility and authorisation**
£0.250m+	Policy and Resources Committee	£0.250m+	Policy and Resources Committee
Between £0.025m to £0.250m	Corporate Property Officer in consultation with the Executive Director of Finance, Managing Director and Chair of Policy and Resources Committee	Below £0.250m	Chief Officer
Below £0.025m	Corporate Property Officer		
Leases			
Lease acquisitions and renewals where the proposed rental is £25,000 or more per annum, or the term of the lease or renewal is for ten or more years	Policy and Resources Committee		
Lease acquisitions and renewals where the proposed rental is below £25,000 per annum, and the term of the lease or renewal is for less than ten years	Corporate Property Officer		

5.12.8 The government has consulted on regulations which would require any decision to dispose of land and buildings with a value above £500,000 to be agreed by the Full Council. The regulations above show the responsibility is with Policy and Resources Committee pending the outcome of the consultation. If enacted, the following thresholds would apply:

Disposal value	**Responsibility and Authorisation for Land and Buildings**
Up to £0.025m	Corporate Property Officer
£0.025m – 0.500m	Corporate Property Officer in consultation with the Executive Director of Finance,

	Managing Director and Chair of Policy and Resources Committee.
£0.500m + and All disposals at less than best consideration (irrespective of value)	Full Council

5.12.9 The County Council has an aspiration to at least maintain the size of its current County Farms estate, under the County Farms policy agreed by the County Council in October 2014. To that end any capital receipts from the sale of County Farm land will be treated in the following way:

For all County Farms land that is sold:

- If it is sold as **agricultural land**, 100% of the capital receipt will be hypothecated towards further acquisitions of County Farm land / capital improvements to the County Farm estate that produce a revenue uplift.

- If it is sold as **residential/development** land:
  - A valuation will be undertaken to establish the value of the land, should it have been sold without planning permission. That value will then be hypothecated towards further County Farm acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
  - The balance of the sale value will be split:
    - 65% towards general capital receipts to be utilised by the Council for any purpose.
    - 35% will be put into a reserve for the use of County Farms for further acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
      - If this reserve reaches £3m in value then any additional receipts will be made available for general Council use for any purpose.

~~01Managing Director (with advice from the Corporate Property Officer), subject to consultation with the Chair of the Policy and Resources Committee~~

~~Acquisition above £1million – Policy and Resources Committee~~

~~Acquisition between £250,000 and £1million – Corporate Property Officer in consultation with Executive Director of Finance~~

~~Acquisition below £250,000 – Corporate Property Officer~~

5.13 **Retention of Financial Records**

5.13.1 The County Council has a specific policy in place on the minimum retention periods for financial records and these periods are set out in the corporate records retention and disposal scheme. Chief Officers should ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

6. **External Arrangements**

6.1 **Introduction**

6.1.1 Where the County Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.

6.2 **Partnerships**

6.2.1 The County Council has formal representation on many external boards such as: the Police and Crime Panel, the Local Enterprise Partnership Board, and the Greater Norwich Growth Board.

6.2.2 Separate governance arrangements will exist for external boards / partnerships / joint ventures and decisions taken by Council members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.

6.2.3 The Executive Director of Finance must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures, as defined within Financial Procedures, are satisfactory. The Executive Director of Finance and Head of Law must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.2.4 Chief Officers are responsible, in consultation with the Executive Director of Finance and Head of Law, for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. They should also ensure that the risks identified above are mitigated where possible.

6.3 **External Funding**

6.3.1 The Executive Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. Chief Officers are responsible for ensuring that the Executive Director of Finance is notified of external funding bids at an early stage.

6.4 **Financial Guarantees**

6.4.1 Chief Officers must inform the Executive Director of Finance of all proposals that may require a financial guarantee prior to implementation.

6.4.2 The Executive Director of Finance is responsible for ensuring that any proposed financial guarantee requirement is within the powers of the County Council and shall consult with the Head of Law as appropriate.

6.4.3 Requirements for suppliers to provide the County Council with either bonds or guarantees shall be agreed with the Corporate Property Officer (for property contracts) or the Head of Procurement (for other contracts)

6.5 **Work for Third Parties**

6.5.1 The Policy and Resources Committee is responsible for approving the contractual arrangements for any work for third parties or external bodies, not already covered by the Scheme of Authorisation to Chief Officers.

6.6 **State Aid and Competition**

6.6.1 Chief Officers are responsible for ensuring that any payments made by their department do not constitute State Aid or breach rules on competition. State Aid (which is governed by EU regulations) is the illegal subsidy of commercial activity from public funds, and could arise, for example, from the following:

- Cheap loans
- Grant funding
- Sharing staff, equipment or accommodation (particularly with wholly owned companies)
- Waiver of deductions due on contracts.

6.6.2 If a Chief Officer is unsure as to whether a payment would constitute State Aid or anticompetitive practice, the advice of the Executive Director of Finance should be sought in consultation with the Head of Law where appropriate.

6.7 **Private Finance 2 (PF2)**

6.7.1 Chief Officers considering PF2 projects should consult with the Executive Director of Finance during the preparation of the business case for submission to the Council or Service Committee (Service Committee if less than £100m).

6.7.2 Council / Committee is responsible for approving PF2 projects at all key stages. The Chief Officer is responsible for ensuring that such approvals are sought and obtained from Council / Committee in a timely manner following recommendation by the Project Board, in accordance with the approved PF2 process.

6.7.3 The Executive Director of Finance is responsible for:

- ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- ensuring that the necessary banking arrangements are available in time for the project to commence
- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
- ensuring that the financial implications of all PF2 projects are incorporated in financial planning.

6.7.4 Chief Officers are responsible for:

- preparing a business case for submission to Council / Committee prior to commencing the procurement process
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates for both the capital and revenue

expenditure are carefully made and reviewed to ensure that they are robust before seeking formal approval from Council / Committee

- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment
- informing the Executive Director of Finance of any matter that may lead to termination under the contract. Policy and Resources Committee is required to approve termination of a contract by use of the Authority Default provisions
- fully considering the risks associated with undertaking a PF2 project and reporting them to Policy and Resources Committee when they are considering the approval of a PF2 project
- ensuring that any dedicated bank accounts necessary to enable their projects to function efficiently are set up and properly operated

6.7.5 Chief Officers are responsible for ensuring that deductions required to the unitary payment for the unavailability of the contracted service or a performance shortfall are made in full in a timely manner. If another service or asset is proposed in exchange for foregoing such deductions, the Executive Director of Finance is responsible for ensuring that the alternative proposal has a value equal to the foregone deductions.

6.7.6 Where the County Council has the right to make a deduction under the contract, any waiver of the deduction shall be treated as a write-off of debt, and shall be covered by the Council's Debt Recovery procedure. When considering the thresholds for approval of the write off, all deductions due in a financial year should be aggregated together.

6.7.7 Private Finance transactions contain complex financial arrangements including (usually) a Funder's Direct Agreement that can obligate the County Council to take over the responsibility for the Contractor's debt in the event of Authority or Contractor default. It is the responsibility of the Chief Officer to ensure that the Executive Director of Finance has all the relevant information regarding these arrangements and of any material financial matters. It is the responsibility of the Executive Director of Finance to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

Annex A

Norfolk County Council's Scheme of Virement

Background

1. The scheme of virement is intended to enable Committees, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.

2. The scheme is administered by the Executive Director of Finance within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.

3. The overall budget is approved by the County Council. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure – both revenue and capital. For the purposes of this scheme, a budget head is considered to be the subdivision of service budgets as reported in the service commentaries within the medium term financial plan. Virement does not include the switching of resources between revenue and capital.

4. Virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full- year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.

5. The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If a Chief Officer wishes to transfer funding from a block allocation and use it for a different purpose, for example, the transfer of purchase of care from one client group to a different client group, the rules below will apply.

Revenue

6. County Council is responsible for agreeing virement between services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000.

7. Policy and Resources Committee is responsible for agreeing virement between services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service committee(s) concerned.

~~7.~~

8. County Council is also responsible for agreeing virements between budget heads defined in 3 above – within services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools.

9. All other virements are the responsibility of Chief Officers, subject to consultation with the Chair of the appropriate Committee and the agreement of the Executive Director of Finance.

10. Chief Officers may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

<u>Capital</u>

11. County Council is responsible for agreeing virements between services and schemes (as shown in the Capital Budget document produced by the Executive Director of Finance.

12. County Council is also responsible for agreeing virements greater than £250,000 within services or schemes (as defined above).

13. All other virements are the responsibility of Chief Officers, subject to consultation with the appropriate Committee Chair and the agreement of the Executive Director of Finance and subject to the service's overall financial provision for capital spending not being exceeded in the current and future years.

Policy and Resources Committee

Item No 13

Report title:	**Finance monitoring report P10 January 2016**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Annexes to this report summarise the Period 10 (January 2016) forecast financial outturn position for 2015-16, to assist members maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.

Executive summary

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

Members are asked to:

- **note the period 10 forecast Revenue outturn of a balanced budget. Before the recent change in MRP policy, the net forecast overspend was £0.817m on a net budget of £318.428m. After taking into account the change to MRP policy agreed at County Council 22 February 2016, a balanced budget is now forecast. (Previous period 9 forecast overspend £2.480m, period 8 £3.133m).**
- **note the creation of a Business Risk Reserve approved (as an integral part of future revenue budgets and reserves projections) by County Council on 22 February 2016. The value of the reserve is forecast to be £9.340m;**
- **note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;**
- **approve the write off of the three debts > £10,000 totalling £48,362.36 listed in paragraph 4.4 below;**
- **note the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2;**
- **note the revised expenditure and funding of the 2015-20 capital programme as set out in Appendix 3.**

1. Introduction

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

2. Evidence

Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:
- Forecast over and under spends within each Service
- Forecast reserves balances
- Changes to the approved budget
- The impact of planning assumptions
- Treasury management
- Payments and debt performance

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

Appendix 3 summarises the forecast capital outturn position, and includes
- Changes to the capital programme
- Future years capital programmes
- Forecast and actual income from property sales
- Capital programme funding
- Other information relating to capital expenditure.

3. Financial Implications

As stated above, the forecast revenue outturn for 2015-16 is a balanced budget, after taking into account the change to MRP policy agreed at County Council 22 February 2016, on a net budget of £318.428m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers have taken measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure to minimise the call on reserves.

A Business Risk Reserve, resulting in a change in the way MRP is calculated, has been created in accordance with the budget approved by County Council on 22 February. The value of the reserve is forecast to be £9.340m. If there are further reductions in the service net overspend in the current year they will be used to increase the Business Risk Reserve up to level approved at County Council.

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

4. Issues, risks and innovation

Risk implications

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

4.2 A key part of the review and refresh of the register was the development of corporate level financial risks.

4.3 A copy of the full Corporate Risk Register was presented to the Audit Committee on 24 September 2015 (agenda, page 348). This provides a full description of the risks, mitigating actions that have been undertaken and what progress has been made in reducing the level of risk.

Bad debts

4.4 There are three debts submitted for write approval to the Policy & Resources Committee, these debts total £48,362.36. All three debts are for adult social care where either legal options have been exhausted or the estate has been exhausted.

Type	Amount	Month Of Death	Reason For Write Off
Adult Social Services	£16,240.69	April 2012	Legal Options Exhausted
Adult Social Services	£12,074.75	December 2014	Estate Exhausted
Adult Social Services	£20,046.92	September 2014	No legal options, uneconomical to pursue.

4.5 Further information on debt write-offs is given in section 9 to Appendix 1.

5. Background

5.1 Having set a revenue and capital budget at the start of the financial year, the Council needs to ensure service delivery within allocated and available resources, which in turn underpins the financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required.

Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	simon.george@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

Norfolk County Council

Appendix 1: 2015-16 Revenue Finance Monitoring Report Month 10

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

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

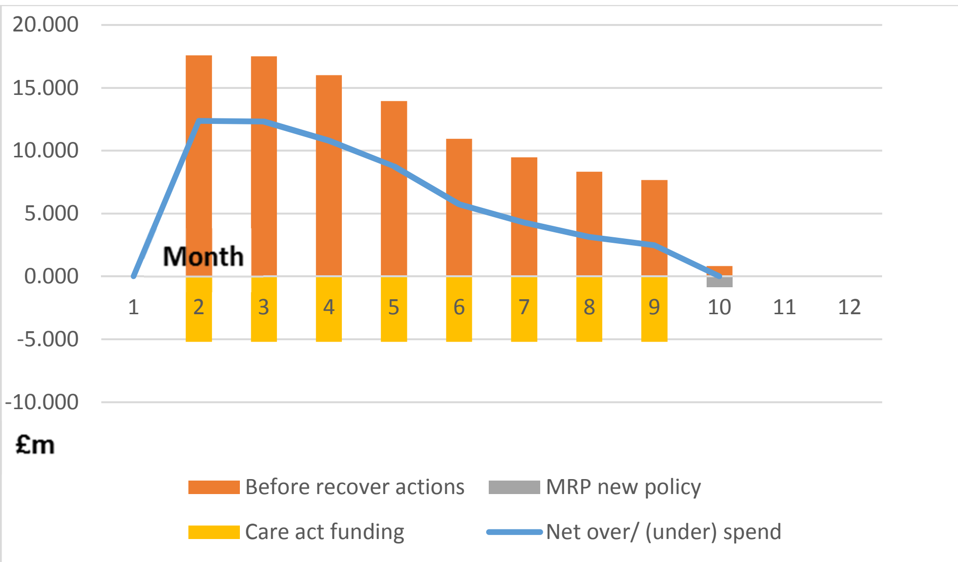
2 Summary of financial monitoring position

2.1 **At the end of January 2016 (month 10):**

Before the recent change in MRP policy, the net forecast overspend was £0.817m on a net budget of £318.428m. After taking into account the change to MRP policy agreed at County Council 22 February 2016, a balanced budget is now forecast, with a further £9.340m available in a new Business Risk Reserve resulting from rom the change in MRP policy.

The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2015-16, by month: Month 10 forecast balanced budget after contribution from change in MRP policy (month 9 £2.480m forecast overspend, month 8 £3.133m).



The main areas for the forecast overspend remain as follows

- in Adult Social Services, the net cost of services to users (Purchase of Care)
- within Children's Services, Looked After Children numbers remain high.

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

2.3 In period 10, the net forecast overspend of £0.817m has been balanced by a sum made available from a change in MRP policy.

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

2.5 The Council has earmarked revenue reserves which are forecast to be £47.437m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), but this did not fully reflect the grants and contributions brought forward, and did not take into account a new business risk reserve created following a change in MRP policy. The Council separately holds Reserves in respect of Schools forecast to be £30.944m at 31 March 2016.

3 Agreed budget, changes and variations

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

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

Service	Approved net base budget	Opening budget P8	Changes in P9 Dec 2015	Revised budget P9	Changes in P10 Jan 2016	Revised budget P10
	£m	£m	£m	£m	£m	£m
Adult Social Services	242.197	241.676	-0.045	241.632	-0.219	241.413
Children's Services	174.531	173.852	-0.094	173.758	-0.253	173.505
Community and Environmental Services	156.310	170.439	-0.113	170.326	-0.239	170.087
Resources	38.299	22.580	-0.151	22.429	0.493	22.921
Finance and Property	13.130	15.562	0.403	15.965	0.035	16.000
Finance General	-306.039	-305.681		-305.681	0.183	-305.498
Total	**318.428**	**318.428**	**-**	**318.428**	**-**	**318.428**

3.2 The budget movements in period 9 reflect accounting adjustments in relation to depreciation and other capital adjustments. The movement in period 10 relates to further capital accounting adjustments, and a movement relating to Public Health savings. The Council's overall net budget has not changed during the year to date.

4 Control of growth, cost pressures and savings targets

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

Table 2: 2015-16 key planning pressures

Key planning assumptions	Impact £m	Status
Pay and price inflation – in particular pressures relating to third party contracts.	10.904	The Consumer Prices Index (CPI) rose by 0.3% in the year to January 2016, a slight increase on December (0.2%) and November (0.1%). This is lower than forecast at the time of budget setting. Budgets have been adjusted to reflect lower inflation in order to fund £0.5m priorities agreed at February 2015 County Council. Agreed pay increases are in line with budget assumptions.
Demand / Demographics – pressures through both the age profile of the county and through changes to need, including supporting looked after children.	21.230	Long term demographic pressures still apply. The forecast cost of supporting looked after children continues to result in a significant forecast overspend over and above the budgeted impact.
Legislative requirements – including implementation of the Social Care Act 2014, new responsibilities for social care in prisons, and the impact of conversions of schools to academies.	13.113	Financial pressures resulting directly and indirectly from legislative changes are expected to have the predicted impact on budgets, including the costs of early assessments of service users who fund their own care which have been introduced in 2015-16.

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

5 Revenue outturn – forecast over/underspends

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

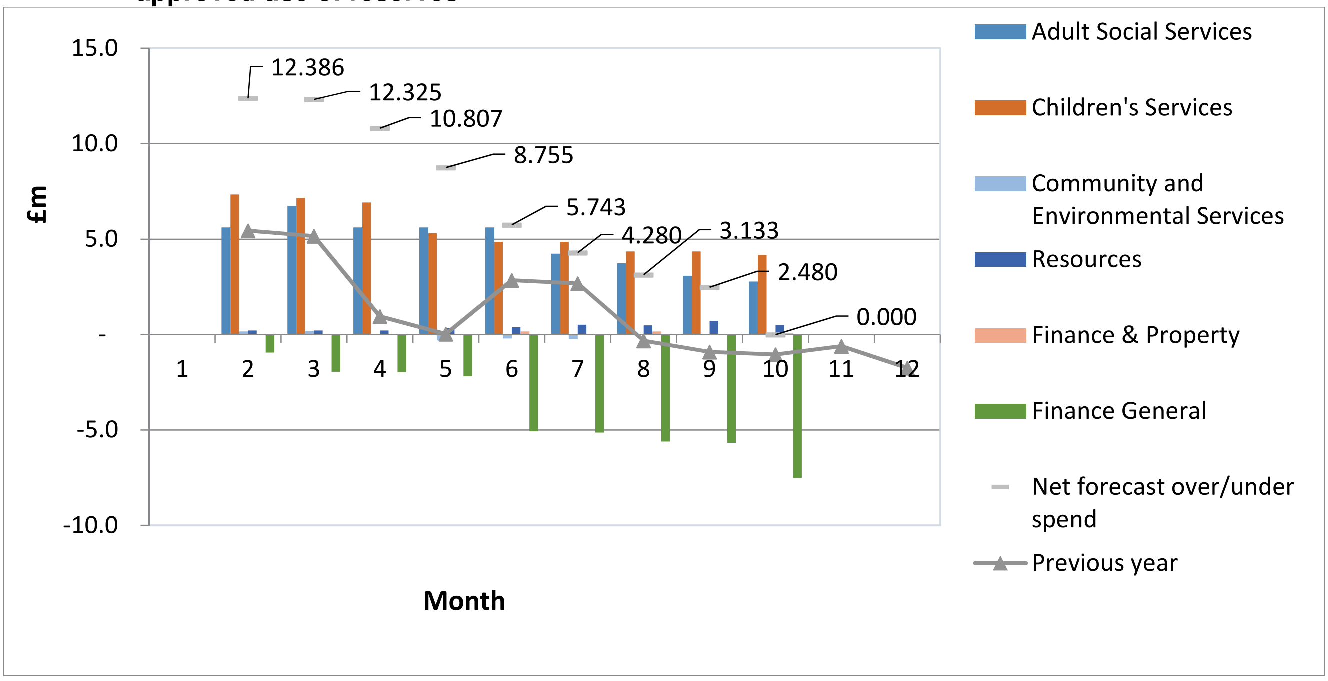
5.2 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2015-16 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Adult Social Services	241.413	2.786	1.2%	A
Children's Services	173.505	4.177	2.4%	R
Community and Environmental Services	170.087	-	0.0%	G
Resources	22.921	0.504	2.2%	A
Finance and Property	16.000	0.059	0.4%	G
Finance General	-305.498	-6.709	2.2%	G
Change in MRP policy		-0.817		
Totals	**318.428**	**-**	-	

5.3 The following chart shows service outturn projections by month:

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



The main reasons for the forecast service overspends are as follows:

- **Adult Social Services**: the forecast overspend, which has reduced since period 8, is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings. Potential overspends have been significantly off-set by the use of new funding for implementing the Care Act.

  The department is taking rigorous recovery action to reduce in-year spending as far as possible. Detailed explanations can be found in the 7 March ASC Committee 2015-16 Finance Monitoring Report.

- **Children's Services**: The Children's Services forecast overspend position is broadly unchanged since the P8 report to February P&R Committee.

  Overall, the number of Looked After Children has not reduced as quickly as originally planned, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs. Further details are shown in the 15 March 2016 Children's Services Committee Integrated Performance and Finance Monitoring Report.

5.4 **Resources**: At the end of month 10 there is a forecast overspend primarily relating to a decision not to charge staff for the use of the County Hall car park. A detailed breakdown of Resources budgets is shown in Appendix 2.

5.5 **Finance General underspend**: A detailed breakdown of the Finance General underspend is included in Appendix 2. The latest forecast assumes that the Council will not undertake any borrowing in 2015-16, which accounts for £4m of the forecast underspend. In period 10 additional underspends are explained in Appendix 2 relating to the Icelandic banks reserve, an insurance fund surplus, and an unbudgeted loan repayment. In addition, a forecast £0.8m has been added to the underspend resulting from the changed MRP policy agreed at County Council 22 February 2016.

6 General balances and reserves

General balances

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

Table 4: forecast general balances

	£m
General Balances 1 April 2015	**19.000**
Use of funds for one-off purposes: Increase in General Balances (Budget Book 2015-18 page 117)	0.200
Latest forecast General Balances at 31 March 2016	**19.200**

The forecast assumes the forecast balance budget will be achieved.

Earmarked reserves balances and forecasts

6.2 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The plan for 2015-16 predicted reserves of £32.341m (Earmarked reserves - non schools, Budget Book page 144), and the forecast outcome below is in line when taking into account grants and contributions brought forward, and a new business risk reserve proposed following a change in MRP policy. The Council carries a number of reserves with forecasts as follows:

Table 5: actual and forecast revenue reserves

	Service bals 31 March 2015 after year end adjustments	31.3.16 forecast at period 8	31.3.16 forecast at period 9	Latest forecast balances 31.3.16
	£m	£m	£m	£m
Earmarked reserves - non schools				
Adult Social Services	8.748	2.203	1.994	2.010
Children’s Services	5.403	2.430	2.430	2.430
CES	26.478	15.408	15.535	15.470
Resources	14.651	8.860	9.184	9.443
Finance and Property	0.967	0.580	0.699	0.699
Finance General	12.235	8.461	8.045	8.045
Business risk reserve	-	-		9.340
	68.483	**37.942**	**37.887**	**47.437**
Earmarked reserves - schools				
Schools - LMS balances	22.545	19.220	19.220	18.390
Schools - other reserves	17.301	12.524	12.524	12.524
Total schools reserves	**39.846**	**31.744**	**31.744**	**30.914**
Total Reserves	**108.329**	**69.686**	**69.342**	**78.351**

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

6.3 The new Business Risk reserve has been set up as part of the budget proposals agreed at 22 February 2016 County Council. The forecast balance is made up as follows:

	£m
Effect of change in MRP policy approved 22 February 2016	10.157
Amount required to offset P10 forecast net service overspends in 2015-16	-0.817
Forecast business risk reserve to be carried forward	**9.340**

6.4 ASS reserves are forecast to reduce by over £6m, due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £3m planned expenditure from grants and contributions brought forward, and £0.7m from the Prevention fund.

6.5 Children's Services year on year change represents forecast use of various reserves, including significant use of grants and contributions brought forward from 2014-15.

6.6 Net reserves use is forecast across the majority of CES services. This includes significant use of the apprenticeship scheme and capital sustainability reserves.

6.7 Resources reserves show a forecast reduction for the year of £7.5m, primarily due to the planned use of ring-fenced Public Health monies and the projected use of £1.5m from the General IT fund towards the DNA project. In addition, there is significant forecast use from the Organisational Change and Redundancy reserve, the Repairs and Renewals reserve, and the Car Leasing Scheme reserve totalling approximately £1m.

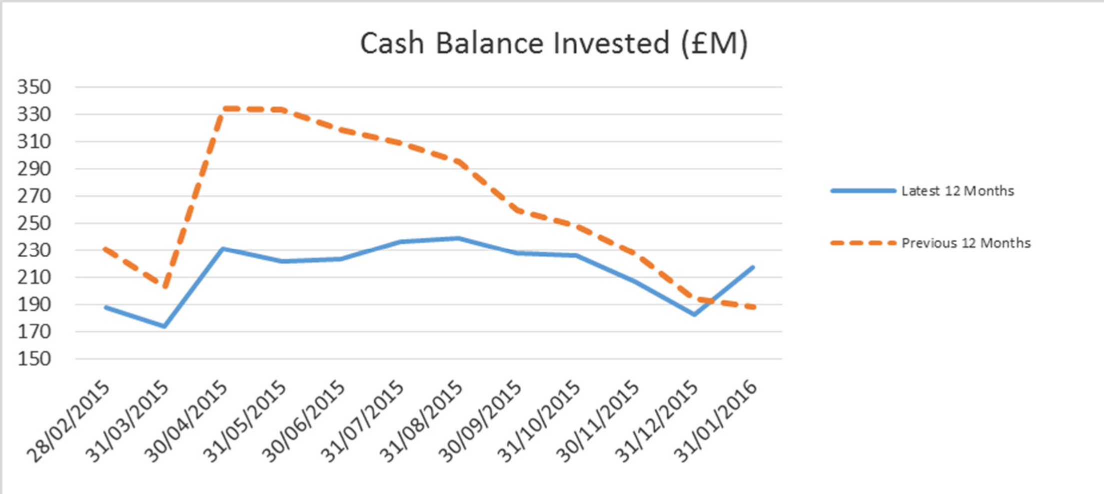
6.8 Other than the new Business Risk reserve noted above, the forecast balances for Finance and Finance General reserves have reduced by approximately £0.4m since period 8. The reduction shown is mainly due to the impact on the Icelandic Banks reserve following the sale of the Council's remaining claim against the insolvent estate of Glitnir which removed uncertainty as reported to Policy and Resources committee on 30 November 2015.

7 Treasury management summary – period 10

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

The graph below shows the level of cash balances over the latest 12 months (against a comparison for the previous 12 months). The spike in April 2014 (dashed line) reflects the front loading of Business Rates Retention and Revenue Support Grant (half of the £246m annual total received in one month), whereas the current year's receipts are more evenly distributed through the year. The increase in January 2016 is due to grant received in advance in respect of the Northern Distributor Road.

Chart 3: Treasury cash balances

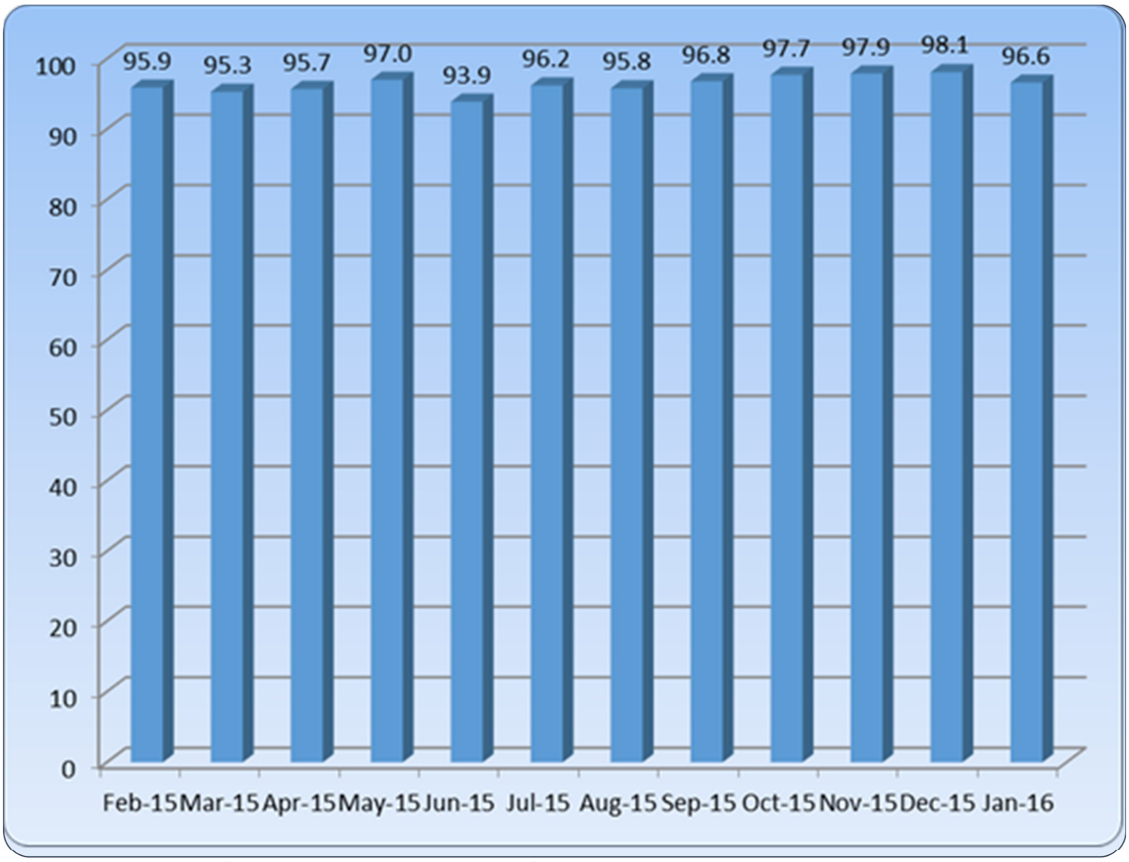


Gross interest earned for the period 1 April 2015 to 31 January 2016 is £1.357m.

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

8 Payment performance

8.1 **Payment performance**: approximately 420,000 invoices are paid annually.
In January 2016, 96.6%, (December 2015 98.1%, November 97.9%) were paid within a target of 30 days from receipt, against a target of 90%. The percentage has not dropped below 93% in the last 12 months, as shown in the graph below.

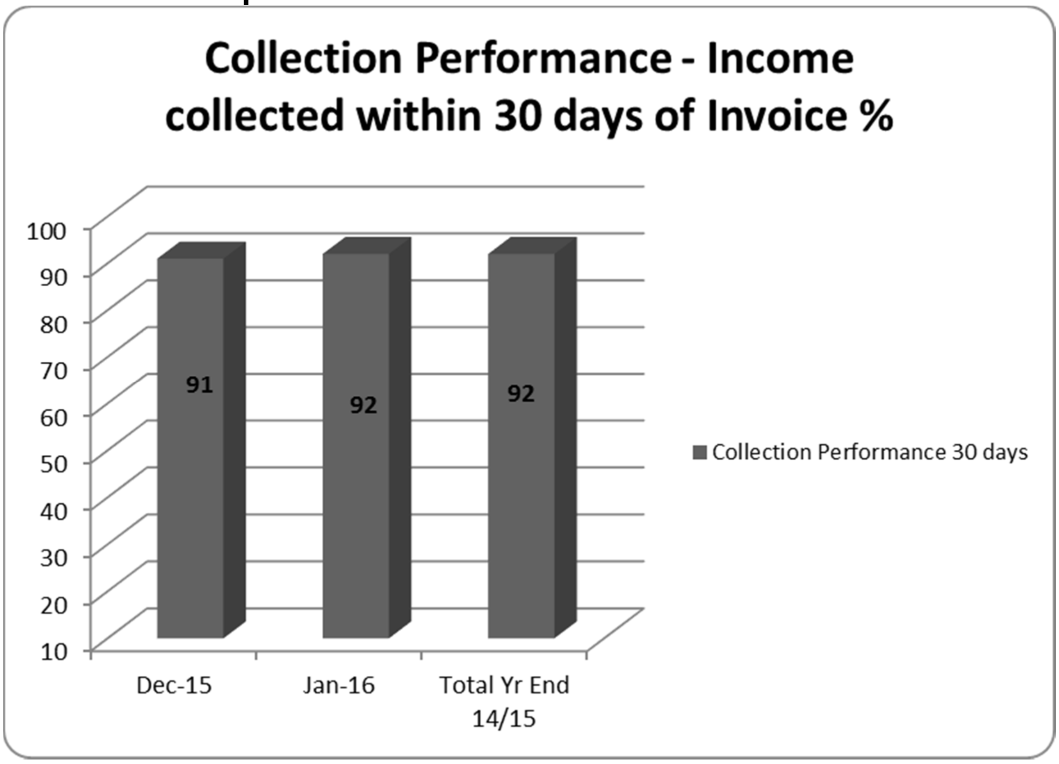


*Note: The figures include an allowance for disputes/exclusions.

9 Debt recovery

9.1 **Introduction**: Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £920m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.
In 2014/15 92% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected overall.

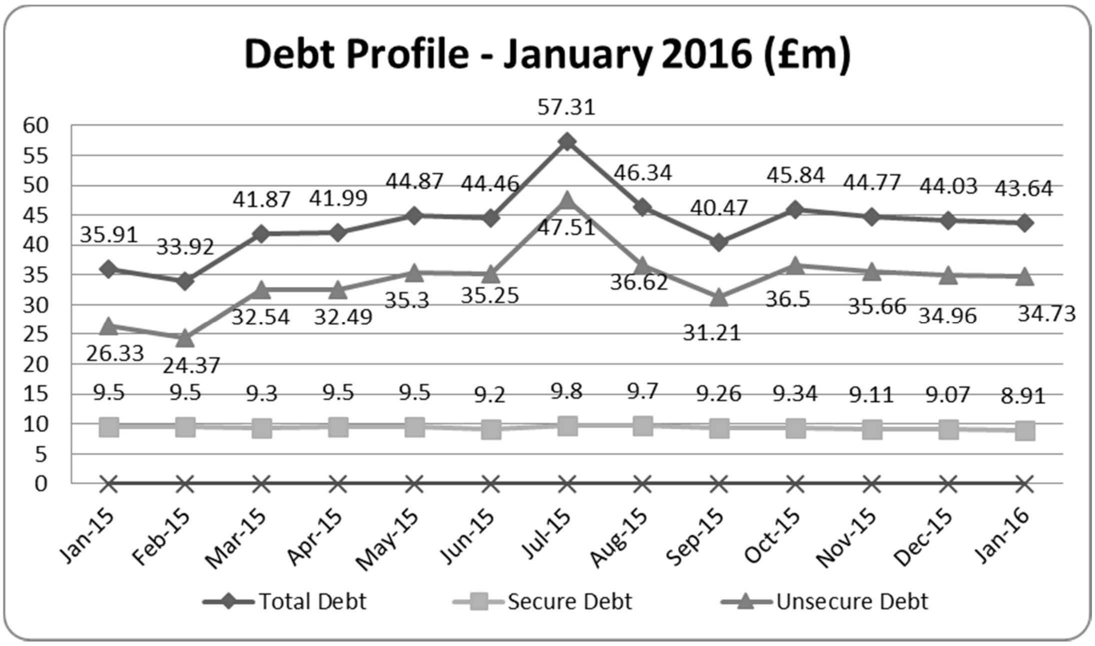
9.2 **Debt collection performance measures**



- Collection performance for January 2016: 92% (December 2015: 91%, November 91%) of invoiced income, measured by value, was collected within 30 days
- Levels of outstanding debt – secured £8.91m and unsecured £34.73m (December/November 2015 £9.18m/£9.11m & £34.85m /£35.66m respectively). The majority of unsecured debt relates to social care (£21.97m, previous month £24.98m).

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

Debt Profile (Total)



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

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

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

9.7 For the period 1 April to 31 January 2016, 581 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £270,391.44.

9.8 One debt over £10,000 identified for write off in 2015-16 has been subject to Policy & Resources Committee approval. This debt totalled £16,507.73.

9.9 There are three further debts over £10,000 submitted for approval to the Policy & Resources Committee, these debts total £48,362.36. All three debts are for adult social care where either legal options have been exhausted or the estate has been exhausted.

Type	Amount	Month Of Death	Reason For Write Off
Adult Social Services	£16,240.69	April 2012	Legal Options Exhausted
Adult Social Services	£12,074.75	December 2014	Estate Exhausted
Adult Social Services	£20,046.92	September 2014	No legal options, uneconomical to pursue.

Revenue Annex 1

Projected revenue outturn by service analysis

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

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

Service	Revised Budget	Net total over / (under) spend	%
	£m	**£m**	
Adult Social Services	241.413	2.786	1.15%
Children's Services	173.505	4.177	2.41%
Community and Environmental Services	170.087	-	
Resources	22.921	0.504	2.20%
Finance and Property	16.000	0.059	0.37%
Finance General – before MRP policy change	-305.498	-6.709	2.20%
Adjustment following MRP policy change		-0.817	
Totals current month	**318.428**	**0**	**0%**
Previous month (P9)	318.428	2.480	0.78%
Previous report (P8)	318.428	3.133	0.98%

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

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2015-16 over/(under)spend previous report	**3.133**
Movements in December - summary	
Adult Social Services	-0.661
Children's Services	0.007
Community and Environmental Services	-
Resources	0.227
Finance and Property	-0.158
Finance General	-0.068
Latest forecast over / (under) spend after use of reserves	**2.480**
Movements in January - summary	
Adult Social Services	-0.291
Children's Services	-0.185
Community and Environmental Services	-
Resources	-0.207
Finance and Property	0.050
Finance General – before MRP policy change	-1.030
Adjustment following MRP policy change	-0.817
Latest forecast over / (under) spend after use of reserves	**0**

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

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change Dec	Change Jan
	£m	£m	£m	£m
Adult Social Services				
Central Services – Business Development		-0.299	0.022	0.027
Commissioning, including Supporting People	0.562		0.021	-0.077
Early Help and Prevention	0.181		0.072	-0.071
Safeguarding	11.546		-0.761	0.469
Income from Service users		-2.114	-0.005	1.399
Management, Finance and Transformation	0.376		0.003	-0.033
Human Resources		-0.266	-0.013	-0.005
Application of Care Act funding		-7.200		-2.000
Over / (under) spend before recovery actions	**12.665**	**-9.879**	**-0.661**	**-0.291**
	2.786			

Children's Services	Projected over spend	Projecte d under spend	Change Dec	Change Jan
Spending increases and reductions	£m	£m	£m	£m
LAC agency residential costs	3.843		0.012	0.073
LAC agency fostering	1.584		0.065	0.076
Additional in-house fostering costs inc "staying put policy"	1.244		0.150	0.238
Additional cost of fostering recruitment	0.007			-0.029
Additional cost of purchasing adoption out county placements	0.130			
Additional residence/kinship costs	0.450			
Additional cost of care leavers independent living support	0.773			-0.200
Additional number of Boarding Pathfinder placement	0.079		0.030	
Additional cost of agency social workers and NIPE social workers	0.720			
Reduced cost of Early Years & Childcare Service		-0.510		
Savings on Information Advice and Guidance Service vacancies		-0.150		
Capitalisation of school broadband costs		-0.176		
Additional school attendance court fine income		-0.160		
Savings on staff costs due to vacancy management		-0.245	-0.070	
Reduced cost, school staff redundancies/retirement scheme		-0.076		
Reduced LAC legal costs		-0.335	-0.050	
Reduced support costs for partnership working as a result of more direct work by teams		-0.500		
Other minor savings across Children’s Services		-0.150	-0.030	
One-off corrective actions				

Educational Psychology Income		-0.100		
Support for Children with Disabilities		-0.300		
Vacancy Management		-0.280		
2 year old trajectory funding		-0.890		
Use of grants and reserves		-0.781	-0.100	-0.343
Dedicated schools grant				
Underspend on schools contingency fund		-0.500		
Additional cost of Independent and non maintained provision	2.600			
Additional special school places	0.900			
Additional cost of Alternative provision	0.900			
Reduced cost of suspended school staff		-0.120		
Use of schools contingency fund reserve to fund above DSG variances		-3.780		
Forecast outturn for Children's Services	**13.230**	**-9.053**	**0.007**	**-0.185**
	4.177			

Community and Environmental Services	Projected over spend	Projecte d under spend	Change Dec	Change Jan
Highways and Transport Services		-0.056	0.244	0.749
Environment and Planning – Energy and Waste		-0.154	-0.001	0.005
Economic Development and Strategy		-0.090		
Business Development and Support	0.250	-	-0.269	-0.788
Cultural Services		-		
Customer Services		-		
Fire & Community Resilience	0.050	-	0.026	0.034
Forecast out-turn for CES	**0.300**	**-0.300**	**-**	**-**
	-			

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change Dec	Change Jan
Resources	£m	£m	£m	
Director of Resources – inc County Hall car park income	0.803			
Policy and Performance		-0.122	0.099	-0.120
Corporate Programme Office		-0.024	-0.005	0.007
Procurement		-0.093	0.039	0.002
Human Resources		-0.042	0.035	-0.035
Communications		-	-0.008	0.008
Consultation		-0.006	0.002	0.001
Democratic Services		-0.012	0.066	-0.070
Public Health		-	-0.001	
ICT		-		
Net forecast outturn for Resources	**0.803**	**-0.299**	**0.227**	**-0.207**
	0.504			
Finance and Property				
Finance – including schools finance and other staff costs/savings		-0.150		
Property – office accommodation	0.209		-0.158	0.050
Net forecast outturn for Finance and Property	**0.209**	**-0.150**	**-0.158**	**0.050**
	0.059			
Finance General				
Adjustment to forecast interest on balances (see Appendix 2)		-4.249	-0.068	-0.021

ESPO dividend income		-0.223		
Local Assistance Scheme current year underspend		-0.400		
National insurance savings re Childcare Vouchers		-0.190		
Adjustment to minimum revenue provision to reflect re-profiling of capital schemes to be funded from borrowing		-1.221		
Additional costs arising from Norse pension liabilities and volume discount.	0.586			0.003
One-off re-payment of loan principal received from Norfolk Constabulary		-0.624		-0.624
Reduction in Icelandic Bank Reserve		-0.188		-0.188
Use of forecast insurance fund surplus		-0.200		-0.200
Net forecast outturn for Finance General, before adjusting for amended MRP policy.	**0.586**	**-7.295**	**-0.068**	**-1.030**
		-6.709		
Adjustment to net overall overspend funded from change to MRP policy approved at County Council 22 February 2016.		-0.817		-0.817
Net forecast outturn for Finance General, after adjusting for amended MRP policy.		**-7.526**	**-0.068**	**-1.847**

Norfolk County Council

Appendix 2: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

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

The table below summarises the forecast outturn position as at the end of January 2016 (Period 10).

2 Resources

2015 / 16	Current Budget Net Expenditure / (income)	Actual to date	Full Year Forecast	Overspend / (Underspend)
	£m	£m	£m	£m
Managing Director's Office	0.419	0.331	0.419	0.000
Director of Resources	(1.228)	0.173	(0.425)	0.803
CIPPS & BPPS	1.672	1.345	1.550	(0.122)
Corporate Programme Office	0.781	0.754	0.757	(0.024)
Procurement	1.331	1.647	1.238	(0.093)
Human Resources	4.054	5.200	4.312	(0.042)
Communications	0.720	0.532	0.720	0.000
nplaw	(0.453)	0.623	(0.453)	0.000
Democratic Services	2.352	2.400	2.340	(0.012)
Public Health	(0.728)	4.098	(0.728)	(0.000)
ICT	13.732	16.888	13.732	(0.000)
Total Corporate Resources – P&R	**22.653**	**33.989**	**23.461**	**0.509**
Total Corporate Resources – Communities Committee				(0.006)
Rounding				0.002
Total Corporate Resources				**0.504**

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

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

Where expenditure year to date is in excess of the profiled net budget, it is generally accounted for by expenditure having been committed, where related income has not been received or re-charges have yet to be made.

3 Finance and Property, and Finance General

2015 / 16	Current Budget	Expenditure Year to Date	**Full Year Forecast**	**Reported Overspend / (Underspend)**
	£m	£m	**£m**	**£m**
Finance	6.694	8.025	6.544	-0.150
Property	9.306	7.703	9.515	0.209
Finance & Property	**16.000**	**15.728**	**16.059**	**0.059**
Finance General	-305.498		-313.024	-7.526
Total Finance	**-289.498**	**15.728**	**-296.965**	**-7.467**

At the end of month 10, there is a forecast net over spend within the Property function. This overspend relates to one-off forecast costs of servicing office accommodation at County Hall, Havenbridge and other properties, and additional dilapidation costs, at a time when staff are being re-located. The property overspend is largely offset by a Finance underspend which is primarily due to reduced staff costs.

Forecast reserves for Finance and Finance General as at 31 March 2016 total £0.7m and £8m respectively, with the largest reserves being Organisational Change and Redundancy, Building Maintenance (including Farms) and the Insurance reserve. There has been a reduction in the Icelandic Banks reserve following the sale of the Council's remaining claim against the insolvent estate of Glitnir which removed uncertainty, as reported to Policy and Resources committee on 30 November 2015.

The new business risk reserve has been set up as part of the budget proposals agreed at 22 February 2016 County Council. The forecast balance of £9.340m is made up as follows:

	£m
Effect of change in MRP policy approved 22 February 2016	10.157
Amount required to offset P10 forecast net overspend in 2015-16	-0.817
Forecast business risk reserve to be carried forward	**9.340**

If there are further reductions in the service net overspend in the current year they will be used to increase the Business Risk Reserve up to level approved at County Council.

4 Finance General over and underspends

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

Interest on balances due to reduced borrowing (forecast underspend £4.249m)
The 2015-16 interest payable/receivable budget was prepared on the basis that borrowing to support capital expenditure would be undertaken on 1 April 2015. This assumption was made to ensure that, in accordance with the treasury management code of practice, treasury management activities are not impacted by short-term budget considerations. The latest forecast assumes no new borrowing will take place before 31 March 2016.

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

Norfolk's Local Assistance Scheme (forecast underspend £0.400m)
Norfolk's Local Assistance Scheme provides help to the most vulnerable people in the county, supporting people to either remain or resettle within the community. Take-up has not been as high has expected, and a one off underspend is forecast for 2015-16.

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

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

Norse pension liabilities (forecast overspend £0.586m)
This adjustment relates to additional costs arising from a 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The transfer has enabled the Norse Group to pay dividends to Norfolk County Council. A shortfall has arisen due primarily to a decrease in the number of NPS employees in the LGPS with a shortfall relating to the level of volume discount expected to be received from the Norse Group.

Additional items in period 10 (£1.012m)
A one-off repayment of debt principal by Norfolk Constabulary has resulted in an in-year revenue underspend of £0.624m. In addition, a forecast insurance fund surplus has released an underspend of £0.200m, and £0.188m has been released from the Icelandic bank reserve on the basis that the bank administrators will release a further dividend.

Forecast adjustment resulting from change to MRP policy (forecast underspend £0.817m)
A change to the Council's MRP policy was agreed by County Council on 22 February 2016. The positive impact of this change on the 2015-16 revenue budget is £10.157m which will be used to cover the forecast net service overspends which cannot be otherwise mitigated, with the balance being transferred to a new business risk reserve.

Norfolk County Council

Appendix 3: 2015-16 Capital Finance Monitoring Report Month 10

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Period 10 (January)

1.1 The 2015-16 Capital Programme was approved by the County Council on 16 February 2015 and is published in the Council's 2015-18 Budget Book. Changes between budget approval and the 2015-16 capital outturn report resulted in an updated opening position shown in Table1 below.

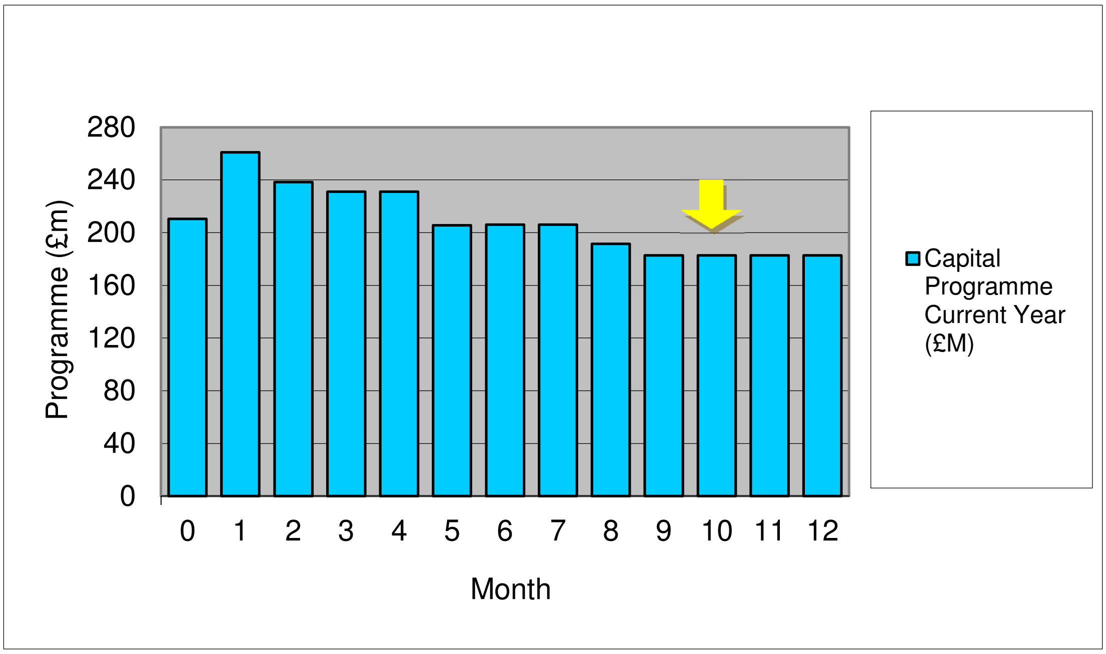
1.2 Since then, the capital programme has undergone further revisions. The latest revised programme totals £634.926m, made up of:

Table 1: Revised Capital Programme

	2015-16	Future years
	£m	£m
New schemes approved February 2015	38.982	136.281
Previously approved schemes	171.521	92.149
Totals in 2015-18 Budget Book	**210.503**	**228.430**
Re-profiling at financial year end	39.070	3.338
Other Adjustments, including adjustments to indicative funding settlements	11.510	36.897
Capital Programme Opening Position	**261.083**	**268.665**
Previously approved reprofiling	-95.098	95.098
Other movements previously approved	25.433	20.875
Totals previous period	**191.418**	**384.638**
Re-profiling this period	-15.494	15.494
Other movements to be approved	6.774	2.614
County Council 22 February 2016 - approved new items in 2016-20 capital programme		49.481
Rounding	0.002	-0.001
Revised capital programme forecast outturn	**182.700**	**452.226**
Total		**634.926**

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

Chart 1: Capital Programme changes to date 2015-16 at period 10



1.4 Month “0” represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2014-15. The arrow at Month 10 shows the latest position.

1.5 The table below provides a high level view of how the revised 2015-16 programme is made up for each service:

Table 2: Revised capital programme 2015-16

Service	**Opening Capital Programme 2015-16**	**Cumulative Changes To Date**	**Reprofiling To Be Approved**	**Other Changes To Be Approved**	**2015-16 Capital Programme**	**Forecast Outturn**	**Over / (Under)spend**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Children's Services	100.392	-57.493	-8.491	0.000	34.408	34.408	0.000
Adult Social Care	8.733	-6.544	-1.291	3.765	4.665	4.660	-0.005
Community & Environmental Services	116.003	-11.468	-4.389	3.021	103.168	102.438	-0.730
Resources	17.989	-9.209			8.779	8.779	0.000
Finance	17.966	15.051	-1.322	-0.012	31.682	30.881	-0.801
Total	261.083	-69.664	-15.494	6.774	182.700	181.163	-1.535
		191.420		**-8.719**			

Note: this table and the tables below may contain rounding differences

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

1.7 The revised programme for future years (2016-17 to 2020) is as follows:

Table 3a: Capital programme 2016-20

Service	Forecast for 2016-20 at end of November 2015 £m	December/ January Reprofiling (from 2015-16 to future years) £m	Other Movements £m	New approved programme 2016-20 (ref table below)	Future years forecast £m
Children's Services	136.934	8.491	0.000	0.315	145.740
Adult Social Care	10.603	1.291	4.368	0.000	16.262
Community & Environmental Services - Highways	207.841	4.389	-1.754	0.000	210.476
Community & Environmental Services Other	0.000	0.000	0.000	1.890	1.890
Resources	27.060	0.000	0.000	9.926	36.986
Finance & Property	2.200	1.322	0.000	37.350	40.872
TOTAL	**384.638**	**15.494**	**2.614**	**49.481**	**452.226**

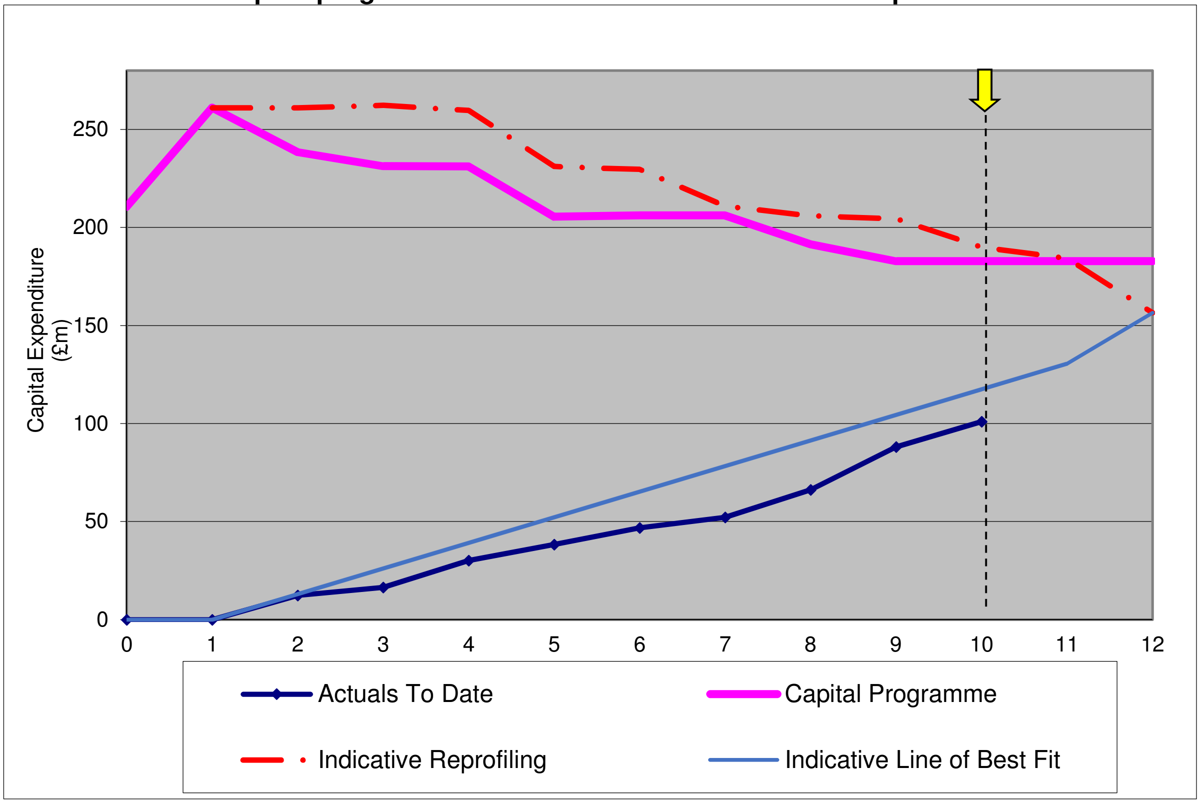
Table 3a: New capital schemes 2016-20

New capital schemes 2016-20 approved 22 February 2016 County Council					
	£m	**£m**	**£m**	**£m**	**£m**
CS - Whitlingham capital improvements	0.200	0.115			0.315
Total Children's Services					**0.315**
Libraries Open+ scheme		0.920			0.920
CES - Customer Services Strategy	0.970				0.970
Total CES					**1.890**
Social Care System replacement	1.897	5.034	0.995		7.926
Better Broadband for Norfolk	0.500				0.500
Voice and Data contract	1.500				1.500
Total Resources					**9.926**
Farms, extension of existing programme			0.600	0.600	1.200
Capital loans to subsidiary companies	10.000				10.000
County Hall Nth & Sth Wings	2.150				2.150
Corporate offices capital maintenance	1.000	1.000	1.000	1.000	4.000
GNGB local infrastructure facility	4.500	7.500	8.000		20.000
Total Finance and Property					**37.350**
	22.717	**14.569**	**10.595**	**1.600**	**49.481**

Actual Spend and Progress on Capital Programme

1.8 Progress on the overall capital programme is as follows:

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



1.9 Total expenditure on the 2015-16 capital programme to 31st January (period 10) was £100.929m.

1.10 The graph above suggests that expenditure is below expectations. The historic re-profiling trend is identified by the dashed line. Although the graph shows that re-profiling has taken place earlier than last year, there will still be some re-profiling of expenditure into future year's programmes as the actual progress on major schemes around the year-end is confirmed.

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

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

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred
	£m	£m	
Children's Services	34.408	16.825	48.9%
Adult Social Care	4.665	4.206	90.2%
Community & Environmental Services	103.166	56.147	54.4%
Resources	8.779	3.761	42.8%
Finance	31.682	19.990	63.1%
Total	**182.699**	**100.929**	**55.2%**

Norwich Northern Distributor Road

1.12 Consent from the DfT for the Norwich Northern Distributor Road scheme was notified on 2 June 2015. The scheme was discussed in detail at 2 September 2015 County Council, with further clarification at an Extraordinary Meeting held on 6 November 2015.

1.13 The financial totals included in this month's capital programme have been updated for funding identified at the 2 September and 6 November meetings, including an additional £10m from each of the DfT and New Anglia LEP.

1.14 In March 2011 the Greater Norwich Development Partnership Policy Group agreed to use a significant proportion of future CIL revenues to establish a shared infrastructure investment fund to support delivery of priority infrastructure projects, including up to £40m for the delivery of the NDR. The County Council is the accountable body for the delivery of the NDR, and will borrow this element of funding.

1.15 The 6 November 2015 County Council report sets the projected financing and costs of the project, which can be summarised as follows:

Project funding	**£m**	**Project costs**	**£m**
DfT Postwick Hub specific funding	19.00		
DfT NDR specific funding	77.49	**Postwick Hub**	27.70
LEP	10.00	**NDR**	
Growth point funding	1.71	Construction cost	104.20
CIL Supported Borrowing	40.00	Statutory undertakers	8.30
Deferral of Bridge maintenance projects	1.00	Land costs	17.20
Highways Services reserves	2.00	Preparation, risk and contingency	20.25
Highways capital programme 2016-20	7.40	Supervision cost	1.30
NDR Reserve	2.50		151.25
Capital receipts	17.85		
Total	**178.95**	**Total**	**178.95**

Actual and forecast expenditure is shown in the table below:

Spend profile		2012-15	2015-16	2016-17	2017-18	2018-19
(estimate)	**Total**	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
Postwick Hub	**27.71**	20.1	7.41	0.2		
NDR	**150.74**	13.77	20.13	56.25	57.14	3.95
Totals	**178.95**	**33.87**	**27.54**	**56.45**	**57.14**	**3.95**
Cumulative		**33.87**	**61.41**	**117.86**	**175.00**	**178.95**

Note: the funding and spend tables above exclude a proportion of the costs associated with the Airport Radar which will be supported by a loan between NCC and the Airport.

1.16 Construction of the Postwick Hub junction has continued during 2015-16. The higher capacity A47 junction opened to traffic in December 2015. Since then, finishing off work has been continuing, including assessment of the way the junction is being used with a view to improving the flow of traffic. There has also been a significant amount of planting. The Government has contributed £19m towards the construction cost, and overall costs are included in the tables above.

2 Financing The Programme

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

2.2 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.

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

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2015-16 Programme	2015-16 Forecast Outturn	2015-16 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	5.439	-7.530	56.153	55.350	-0.803	100.237
Capital Receipts	7.200	-2.441	-0.557	4.202	4.202	0.000	15.968
Revenue & Reserves	6.279	-0.119	0.521	6.681	6.195	-0.486	1.543
Grants and Contributions		0.000					334.478
DfE	77.960	-46.557	-7.012	24.391	24.391	0.000	
DfT	59.278	-6.001	0.328	53.605	53.359	-0.246	
DoH	7.721	-6.367	2.703	4.057	4.057	0.000	
DCLG	0.967	-0.414	0.000	0.554	0.554	0.000	
DCMS	3.001	0.000	0.000	3.001	3.001	0.000	
GNDP/CIF	0.000	0.000	0.158	0.158	0.158	0.000	
Developer Contributions	9.772	0.255	1.271	11.298	11.298	0.000	
Other	30.662	-13.461	1.399	18.600	18.599	-0.002	
TOTAL	**261.083**	**-69.664**	**-8.719**	**182.700**	**181.163**	**-1.537**	**452.226**

2.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2015-16 programme of £56.153m: a decrease since November due mainly to reprofiling of the NDR, the Offices Asbestos survey & Removal programme, and Farms schemes.

2.5 The highways “underspend” relates to a number of specific DfT grant funded projects: the funding released will be re-cycled into future year’s highways projects.

2.6 The underspend under prudential borrowing includes £0.778m underspend on office accommodation in Great Yarmouth, resulting from the way in which property has been rationalised into Havenbridge House. The balance relates to farms projects which will be re-cycled in to future farms programmes.

3 Capital Receipts

3.1 The Council's Asset Management Plan, as approved on 1 June 2015, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

3.2 The plan notes that the property portfolio has latent value and the estate needs to be challenged rigorously to ensure assets are only held where necessary so that capital release or liability reduction is maximised. This in turn will reducing revenue costs of the operational property portfolio.

3.3 The capital programme, approved in February 2015, demonstrated how asset management would support capital expenditure through generating a target £8.085m of capital receipts through property disposals, in the context of a longer term disposals programme.

3.4 Since then, there have been a significant number of changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms estate.

3.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2015-16 Approved £m	**2015-16 End of November £m**	**2015-16 End of January £m**	**Changes in January £m**
General Capital Receipts	2.734	1.465	1.472	0.007
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	1.740	0.402	-1.338
Estimated Total Capital Receipts	**8.085**	**3.510**	**2.179**	**-1.331**

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

3.6.1 General Capital Receipts

The main reasons for the slight increase in expected receipts for the current year is an adjustment to a related expected receipt.

Financial Packages Receipts

No change

3.6.2 County Farms Receipts

Reprofiling of farms disposal to future years. (Low Farm barns Brundall,Rose Farm North,Hall Farm barns Thorpe Market, and Tunsted new farm barns)

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

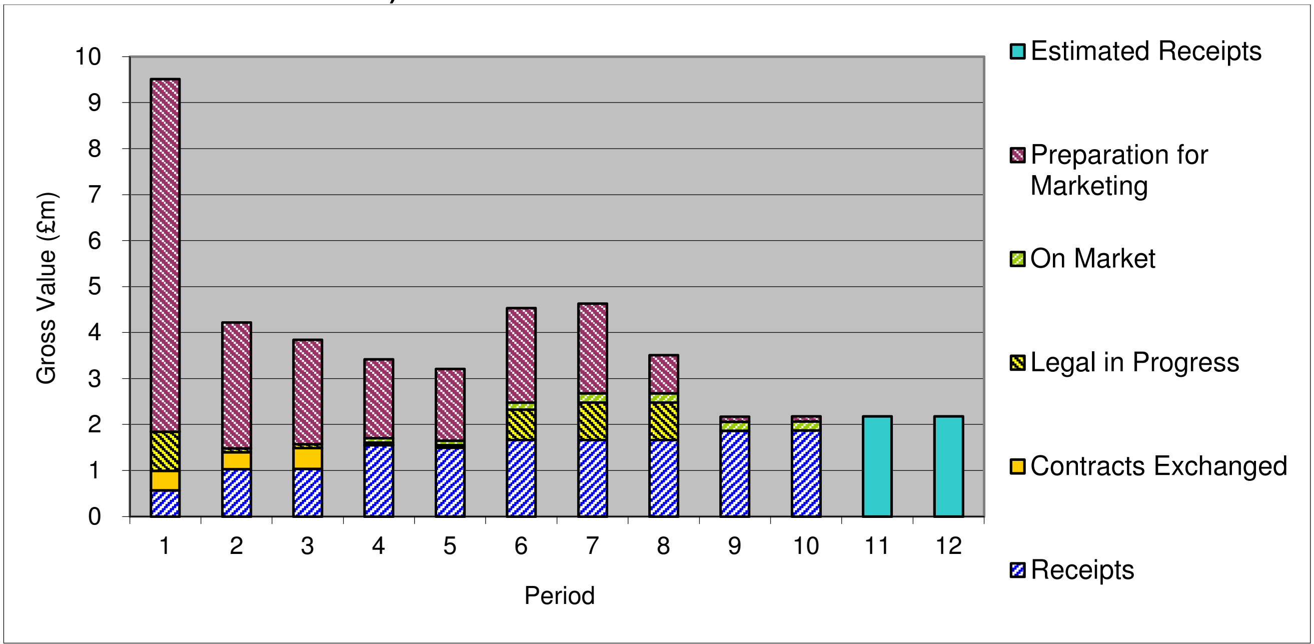
Table 7: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of November 2015	3.510
Additions	0.007
Upward revaluations of estimates	0.000
Delayed from 2015-16	-1.338

Brought forward from future years	0.000
Removals	0.000
Downwards revaluations of estimates	0.000
Disposals in 2014-15	0.000
Delayed until future years	0.000
Revised Estimate 2015-16	**2.179**

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

Chart 4: Forecast Capital Receipts from property sales 2015-16 (estimated cumulative receipts shown from month 11)



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

Table 8: Capital receipts reserve forecast 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**2.845**	**0.409**	**3.254**
Forecast receipts from sales of properties	1.472	0.305	0.402	2.179
Receipts from sales of assets to leasing companies	0.000	0.000	0.000	0.000
Other capital receipts	0.059	0.000	0.000	0.059
Forecast receipts generated in year	**1.532**	**0.305**	**0.402**	**2.239**
Sales expenses	-0.286	-0.014	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	**1.245**	**3.136**	**0.811**	**5.193**

Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-1.245	-2.152	-0.806	-4.203
Forecast Closing Balance	**0.000**	**0.984**	**0.006**	**0.989**

3.9 Financial packages exist where the Council has agreed to link receipts from the sale of an asset with the funding of a specific project. Balances on financial packages exist where these projects remain incomplete.

3.10 Other capital receipts include loan repayments from subsidiary companies.

4 Capital schemes in development

4.1 Norwich Aviation Academy Loan

At its meeting on 20 July, Policy and Resources Committee approved a loan of £6.25m to be made available to Norse Group for the purposes of developing an Aviation Academy. This scheme, to be funded through prudential borrowing, has been added in the capital programme.

4.2 Museums Capital Projects

On 9 July 2015 Historic England wrote confirming the £1m made available by the Treasury towards work in the Keep at Norwich Castle. The grant has been received and is split £0.800m capital: £0.200m revenue and the capital element is included in this report.

Reprofiling and Other Changes to the 2015-18 Capital Programme

i. This appendix sets out the reprofiling and other changes which have occurred during the first three months of 2015-16.

ii. The changes to the 2015-16 programme are as follows:

Reprofiling

Table A1a: Reprofiling in December 2015 & January 2016

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	A1 - Major Growth (December)	Grants and Contributions	-0.542	Reprofile budget to future years - Hillcrest Primary, Modular Installation as per updated costs
	A1 - Major Growth (January)	Multiple Funding Sources	-3.236	Reprofile budget to future years, e.g.Land aquisiton for major growth projects.
	A3 - Area Growth & Reorganisation (December)	Grants and Contributions	-0.188	Reprofile according to progress to future years schemes from Gt.Yarmouth reorganisation e.g. Alderman Swindell new build + Modulars,North Denes Junior - new build + modular
	A3 - Area Growth & Reorganisation (January)	Grants and Contributions	-0.490	Reprofile budget to future years -Additional classroom work will start 2016-17 (Bure Valley, John of Gaunt,St Michael's Aylsham)
	A4 - Growth - Minor Adjustments	Grants and Contributions	-0.470	Reprofile budget to future years for minor schemes.
	B1 - SEN	Grants and Contributions	-0.175	
	B2 - Additional Needs	Grants and Contributions	-1.680	W.Norfolk specialist Academy, work to take place 2016-2018.
	C1 - Efficiency	Grants and Contributions	-1.540	Unspent funds in schools to be recouped for allocation in 16/17
	C2 - Major Capital Maintenance	Grants and Contributions	-0.170	Reprofiled budget to future years.
Children's Services Total:			**-8.491**	
Adult Social Care	Adult Care - Unallocated Capital Grant + Adult Social Care IT Infrastructure	Grants and Contributions	-1.141	Reprofile to future years funding for schemes that have been proposed but have not yet progressed to programme initiation
	Strong and Well Partnership - Contribution to	Borrowing and Capital Receipts	-0.100	Reprofile to 2016-17

	Capital Programme			
	Winterbourne Project	Grants and Contributions	-0.050	Work to begin financial year 2016-17
Adult social Care Total			**-1.291**	
Community & Environmental Services	ETD Highways NDR	Borrowing and Capital Receipts	-4.500	Reprofile NDR budget per latest report
	North Lynn Improvements	Borrowing and Capital Receipts	0.021	Reprofile back to 2015-16, per progress of programme.
	Real Fire Training Unit est 14-15	Multiple Funding Sources	0.090	Adjust funding per progress of programme
Community & Environmental Services Total			**-4.389**	
Finance	Asbestos Survey & Removal Prog (Chief Exec)	Borrowing and Capital Receipts	-1.072	Reprofile budget in accordance with programme.
	Farms	Capital Receipts	-0.250	Reprofile budget for possible new bridge at Creek Farm
Finance Total			**-1.322**	
Total Reprofiling			**-15.494**	

<u>Other Changes</u>

Table A1b: Other changes December 2015 & January 2016

Service	Project	Funding Type	Amount £m	Explanation
Adult social care	BCF Disabled Facilities Grant	Grants and Contributions	3.753	Better Care Funding - received from DOH to be allocated to district councils for Disabled facility grant.
	Faro Lodge PV system CERF	Borrowing and Capital Receipts	0.012	Funding allocated from CERF pot
Adult social care			**3.765**	

Total				
Community & Environmental Services	Other Schemes	Grants and Contributions	-0.267	Adjustment to funding
	Cycling	Grants and Contributions	0.395	Reduction in programme
	Local Road Schemes	Grants and Contributions	2.227	Reduction in Costessey West End traffic calming scheme
	GY A12-A143 Link	Grants and Contributions	0.964	Reduction in DfT Challenge funded schemes
	Structural Maintenance	Multiple Funding Sources	0.462	Revision to NDR funding based on report to full council November 2015 (see future year's changes list)
	NDR	Multiple Funding Sources	-1.070	Revision of NDR profile.
	Economic Development - Scottow Enterprise Park	Borrowing and Capital Receipts	-0.381	Adjust planned budget expenditure according to current project.
	Library - Section 106 schemes	Grants and Contributions	0.051	Developer contributions - S106 new funding
	Museum - ACE (Arts council England)Small Capital Grants	Grants and Contributions	0.158	Funding for purchase of capital assets for accredited Museums to increase resilience Additional Revenue funding.
	Real Fire Training Unit est 14-15	Reserve	0.482	Reserve contributions to this project.
Community & Environmental Services Total			**3.021**	
Finance	CERF Pot	Borrowing and Capital Receipts	-0.012	CERF funding allocated to Adult social care Faro Lodge.
Finance Total			**-0.012**	
Total Other Changes			**6.774**	
Future year's changes	Adult social care – BCF Disabled Facilities Grant 2016-17	Grants and Contributions	4.368	Better Care Funding - received from DOH to be allocated to district councils for Disabled facility grant
	Economic Development -	Borrowing and Capital Receipts	-1.754	Adjust planned budget expenditure according to current project.

	Scottow Enterprise Park			
Total Future year's changes			**2.614**	

Policy and Resources Committee

Item No 14

Report title:	**Delivering Financial Savings 2015-16**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**

Strategic impact

This report to Policy and Resources Committee provides an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.

Executive summary

County Council agreed savings of £36.721m as part of the 2015-16 budget setting process. This report provides details of progress in delivering these savings, concentrating on 2015-16, but also providing an overview of the later years 2016-17 and 2017-18.

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

Whilst this report identifies a number of shortfalls within individual savings projects, the monitoring report elsewhere on this agenda forecasts a balanced outturn position for 2015-16. This relates to both underspends within other areas of Service Committee's budgets, and the decision by the County Council to amend the Council's Minimum Revenue Provision (MRP) policy in February 2016. This forecast outturn position does not remove the need to maintain the focus on the delivery of budgeted savings for both 2015-16 and 2016-17, and the achievement of these saving plans will contribute to minimising any risk in the 2016-17 budget.

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

Members are recommended to consider and note:

a) **the forecast total shortfall of £13.607m in 2015-16, which is being addressed through actions taken within service budgets and the Council's amendment to its MRP policy approved in February 2016, as detailed in paragraph 2.8 of this report;**
b) **the budgeted value of 2015-16 savings projects rated as RED of £18.865m, of which £5.051m are now forecast to be delivered;**
c) **the forecast savings shortfall on AMBER rated projects of £0.204m; and**

d)	**the forecast over-delivery of GREEN and BLUE rated projects totalling £0.411m.**

1. Savings Overview

1.1. The County Council, as part of setting its budget for 2015-16, considered proposed net 2015-16 savings of £36.094m, which included a net £0.227m of additional unallocated income compared to the total savings of £36.322m reported to Policy and Resources Committee in January. The County Council's decisions amended the proposed savings total in three ways:

	2015-16 £m
Total savings proposed to County Council (net)	-36.094
1. The deletion of Adult Services transport savings	+0.100
2. The addition of efficiency savings, held in P&R	-0.500
3. The removal of the unallocated additional funding	-0.227
Revised net total	**-36.721**

1.2. The additional efficiency saving of £0.500m for 2015-16, is being used to support the adult social care budget. Following the 20 July meeting of this committee this saving has been achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

Committee	**Inflation adjustment £m**
Adults	0.019
Children's Services	0.079
EDT	0.145
Communities	0.095
Policy and Resources	0.161
	0.500

1.3. The virement to reflect this has been actioned in period 6 (September 2015).

1.4. The agreed net savings of £36.721m in 2015-16 (gross saving £51.361m), include one-off items and use of reserves totalling £6.756m as set out in Annex 1. The detailed categorisation of the total savings, and the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the budget process, are also shown in Annex 1.

2. RAG Ratings

2.1. The definition of the RAG rating levels is set out in the table below.

Level	Descriptor
Red	**Significant concern** that the saving may not be delivered, or there may be a large variance in the saving (50% and above)
Amber	**Some concern** that the saving may not be delivered or there may be a variance in the saving (up to 50%)
Green	**Confident** that the saving will be delivered
Blue	Saving already **delivered**
Yellow	Alternative savings identified
Reversal	Reversal of previous year saving

2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Annex 3. The decision to rate a project as RED, will be one arrived at by the Finance community, in consultation with departments. This will ensure a common standard is maintained in the monitoring.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Annex 3 have been applied. A number of new 2015-16 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as decisions to reduce grant payments.

2.4. Ten savings projects have been rated as RED, representing a budgeted total saving of £18.865m. It is currently forecast that only £5.051m of this saving will now be delivered as set out in the following table. This represents a shortfall of £13.814m, which relates to RED rated projects.

2.5. AMBER rated projects include a forecast shortfall of £0.204m. In addition, there is a forecast over achievement of £0.335m in relation to GREEN rated projects, and £0.076m in relation to BLUE rated projects. This results in a forecast total shortfall of £13.607m, an increase in the shortfall of £0.176m when compared to the previously reported position.

2.6. Alternative plans have been identified within the Policy & Resources budgets in respect of budgeted savings totalling £1.514m, which have therefore now been classified as YELLOW. These savings are being met through use of reserves within HR and the Corporate Programme Office, shared services with Public Health and alternative savings within ICT budgets, and the planned savings will be delivered in future years. Alternative savings totalling £0.167m have been identified within EDT budgets to replace the nondeliverable saving from reduced opening hours at some recycling sites, which was previously rated as RED. The alternative saving will fully cover the shortfall.

Table 1: 2015-16 Savings by RAG Status

						Latest Forecast Savings 2015-16 (c) analysed by Committee				
RAG Status	**Budgeted Value of Savings 2015-16 (a)**	**Previous Forecast Savings 2015-16 (b)**	**Latest Forecast Savings 2015-16 (c)**	**Savings Shortfall 2015-16 (a)-(c)**		**Children's Services**	**Adults**	**EDT**	**Communities**	**Policy & Resources**
	£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Red	-18.865	-5.277	-5.051	-13.814		-2.177	-2.674	0.000	-0.200	0.000
Amber	-3.290	-3.086	-3.086	-0.204		-0.401	-0.150	-1.900	-0.235	-0.400
Green	-9.387	-9.672	-9.722	0.335		-1.207	-3.155	-1.881	-0.969	-2.510
Blue	-18.138	-18.214	-18.214	0.076		-0.895	-3.175	-1.655	-0.655	-11.833
Yellow	-1.681	-1.681	-1.681	0.000		0.000	0.000	-0.167	0.000	-1.514
Gross Savings	-51.361	-37.930	-37.754	-13.607		-4.680	-9.154	-5.603	-2.059	-16.258
Shortfall	**0.000**	**-13.431**	**-13.607**	**n/a**		**-5.678**	**-7.142**	**0.146**	**-0.154**	**-0.779**
Reversal	14.640	14.640	14.640	n/a		2.000	0.000	2.000	0.000	10.640
Total	**-36.721**	**-36.721**	**-36.721**	**n/a**		**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**

2.7. Table 2 below sets out the current categorisation of 2015-18 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £27.919m to be identified for the three years.

2.8. The monitoring report elsewhere on this agenda reports a balanced outturn position for 2015-16. This reflects actions taken within Service budgets to deliver underspends, which are in part offsetting the non-delivery of savings set out in this report. In addition, the decision by Full Council in February 2016 to amend the Council's Minimum Revenue Provision (MRP) policy for 2015-16 will enable a balanced outturn position for the year. The non-delivery of savings in 2015-16, and a detailed review of the deliverability of 2016-17 savings has been taken into account during the preparation of the 2016-17 Budget. However, there remains a need for Service Committees and Executive Directors to maintain their focus on the effective delivery of the budgeted savings agreed for 2015-16 and 2016-17. Any further achievement of the savings planned for 2015-16 will help to minimise risks within the 2016-17 Budget.

2.9. Details of the specific actions being taken to deliver the identified shortfall in savings are set out in section 3 of this report, where alternative options are being explored. In addition, wider actions are being taken to deliver savings and reduce the current reported overspend as follows:

- **Adult Social Services:** The department is taking recovery action to reduce in year spending as far as possible. A number of actions were initiated by the Executive Director of Adult Social Services to mitigate the 2014-15 reported overspend to March 2015. In addition to these, further actions have been identified to deal with the forecast position for 2015-16. These actions include:
  - No new under 65 placements in residential care, as default position
  - Targets for locality teams to reduce the numbers of older people in residential care by 25%
  - Optimise the use of Norsecare block purchased beds
  - To manage our funding flows we will only fund a residential or nursing home placement in each locality when two placements have been released
  - Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan
  - Reinforce our practice on Personal Budgets. These should only be used to meet any unmet eligible social care need. Working on the basis of least spend to deliver the best outcomes
  - Reviewing all care packages which involve two carers, to ensure that use of additional equipment or assistive technology has been considered
  - Completed reviews of packages of care of up to 10 hours per week, to ensure that there are no informal alternatives that could be used
  - Completed reviews of last 100 placements in residential care to make sure that decision making about access to residential care is robust
  - Scrutiny of all personal budgets reviews where the service remains unchanged
  - Weekly Panels to scrutinise proposed overrides of the RAS (Resource Allocation System) funding for indicative Personal Budgets for younger adults
  - Urgent review of the Resource Allocation System (RAS), which sets the size of personal care budgets
  - A freeze on Learning and Development spending, except for statutory training and training on the Care Act
  - Plans to drive forward improvements in the learning disabilities services focussing on day services; shared lives; integrated health and social care learning disability team; and supported living accommodation.

- **Children's Services:** The department is undertaking a number of actions and reviews to reduce net spending in the current financial year and into future years, by amongst other things:
    - Continuing to work on creating a sustainable strategy for reducing the cost of transport for Children with Special Educational Needs
    - Making greater use – where appropriate – of public transport for Looked After Children and Children with Special Educational Needs
    - Reducing legal costs for Looked After Children
    - Exploring greater use of Special Guardianship Orders, when in the interests of the Children, to both reduce net expenditure and reduce the number of Looked After Children in Norfolk
    - Strengthening the Looked After Children placement panel to review operational decisions and associated costs, in particular for the most expensive placements
    - Working on the creation of a Social Work Academy and associated Workforce Development Strategy to support the existing University of East Anglia/NIPE work to facilitate recruitment and retention, reduce agency costs, thus aiding business continuity and contributing towards longer-term savings.
    - Reviewing all vacancies and maintaining a recruitment freeze with no posts to be recruited to without the Director's approval
    - Optimising the use of early years funding and conditional grants
    - Reviewing contracts ending within this financial year

  A full list of actions and their impact is shown in the Children's Services Integrated Performance and Finance Monitoring Report presented to the Children's Services Committee.

- **Resources:** at the end of month 10, there is a forecast shortfall of £0.440m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group reported back to the Committee on 30th November, however agreement to implement the charging proposal was not reached and the £0.440m saving will not be made in 2015-16. The saving has now subsequently been removed as part of the 2016-17 budget-setting process.

2.10. The main areas where significant shortfalls in savings have been identified are within Children's and Adults budgets. These relate principally to delays in implementing new models of service provision (savings references COM034 and COM033), and delays in the reduction in numbers of service users (savings reference CHI001), which will take time to filter through the system. Whilst it is still expected that some of these savings will ultimately be achieved, the timescale for delivery is longer than originally anticipated. The issues relating to the delivery of these savings have been taken into account in the preparation of the 2016-17 budget.

Table 2: Categorisation of Savings 2015-18

	2015-16	**2016-17**	**2017-18**	**Total**
Savings	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-4.772	-0.375	0.000	**-5.147**
Org Change - Systems	-4.437	-7.425	0.000	**-11.862**
Capital	-0.614	-0.227	0.000	**-0.841**
Terms & Conditions	-0.265	-0.997	0.000	**-1.262**
Procurement	-5.067	-0.270	-0.035	**-5.372**
Shared Services	-0.190	-0.205	0.000	**-0.395**
Income and Rates of Return	-7.308	-5.362	-2.900	**-15.570**
Assumptions under Risk Review	4.154	5.156	0.000	**9.310**
Back office subtotal	**-18.499**	**-9.705**	**-2.935**	**-31.139**
Reducing Standards, including eligibility	-2.444	-3.033	-0.800	**-6.277**
Ceasing Service	-2.171	-3.090	0.000	**-5.261**
Front line subtotal	**-4.615**	**-6.123**	**-0.800**	**-11.538**
Shortfall	-13.607	-12.212	-2.100	**-27.919**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

2.11. The breakdown of savings by Committee, for 2015-16 is shown in Table 3 below. The position for all three years is set out at Annex 2.

2.12. Work has been undertaken during the year in order to validate the savings for 2016-17 agreed as part of the 2015-16 budget process. This has identified a number of savings which are at risk of non-delivery. Those savings which it is considered cannot now be achieved have been addressed as part of the 2016-17 budget and were detailed in the Revenue Budget report presented to the County Council in February.

2.13. A definition of savings categories is provided in Annex 4.

Table 3: Savings by Committee 2015-16

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.341	-0.119	-0.262	-0.338	-2.378	**-4.437**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.706	-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	-1.650	0.170	-0.502	0.000	**-2.444**
4b Stop doing things	0.000	-1.874	-0.147	-0.150	0.000	**-2.171**
4c Change assumptions	-0.476	-3.156	0.000	0.000	7.786	**4.154**
Shortfall	-5.678	-7.142	0.146	-0.154	-0.779	**-13.607**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**

3. Commentary on savings rated RED

3.1. Following review, ten savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £13.814m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. COM018 – Review Care Arranging Service – forecast shortfall **£0.140m**: This proposal predated the introduction of the Care Act which gives the council increased responsibilities for arranging care for people who fund their own care. There will in fact be additional workload responsibilities for this team and alternative means of achieving this saving are being sought within the department. The saving has been removed from the 2016-17 budget.

3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall **£0.200m**: The tenders for the re-procurement of home care services in West Norfolk and in the East have been awarded and while the sourcing strategy has secured the cost of services the implementation of the National Minimum Wage and continued fragility of the homecare market means that the market is not able to deliver savings within these contracts. The Great Yarmouth and Waveney tender was run jointly with Suffolk County Council to deliver a more integrated service. However this resulted in a delay in the original procurement timetable. Whilst providing benefits in the way that contracts are managed, and ensuring the integration of health funded services, the full benefits of this exercise will not be seen across the system until full implementation and embedding of the new service. The saving is being absorbed in 2015-16 and is removed from the 2016-17 budget.

3.1.3. COM042 – Review of Norse Care agreement for the provision of residential – forecast shortfall **£0.500m**: Based on the current Norsecare strategic financial plan, there is a shortfall against the current Adult Social Services target, work is underway with Norsecare to reduce the gap and deliver the saving in full.

3.1.4. GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall **£0.100m**: This has been further examined in detail and it has been concluded that these savings will not be achieved. Residential providers will increase their prices if they have to provide day service. Compensating savings are being sought, in particular through a new model of care to meet the needs of people with Learning Disability.

3.1.5. COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall **£1.700m**: The saving involves re-assessing the needs of existing service users and where appropriate providing alternative and more cost effective accommodation, or means of supporting them in their current accommodation. While the total saving will be achieved over time, this project does have a longer lead in time. Due to an overall improved financial position for the service, it has been possible to use £0.700k to mitigate the risks of achieving this saving.

3.1.6. ASC002 – Redesign Adult Social Care pathway – forecast shortfall **£0.395m**: This saving was about using data and information better to manage voids in Supported Living. Initially this was linked to the sprint and development of the i-Hub but the work done manually to improve data quality and processes alongside the sprint has delivered significant benefits, and this was incorporated into the wider work on Changing Models of Care. The original saving is not expected to be delivered and this has been reflected in the budget planning for 2016-17.

3.1.7. COM033 – Reduce funding for Wellbeing Activities – forecast shortfall **£4.126m**: Estimates show that £1.874m 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 that the full £6.000m saving will not be achieved in 2015-16. Additional reviewing capacity has been brought in to speed up this process, and the service is seeing the impact of revised practice. Positively, the service is managing increased activity whilst seeing a reduction in the overspend on purchase of care and the spending for the service has reduced compared to 2014-15. The changed practices and significant locality management focus on this issue are therefore improving the department's ability to deliver the service within the budget.

Communities

3.1.8. CMM007 – Income Generation – forecast shortfall **£0.250m**: The saving for income generation (external hire replacement, fire testing, highways clearance, grants from Europe) under the Communities Committee is highlighted as RED. It is now apparent a number of the original proposals have been overtaken by parallel schemes being pursued within the new Corporate Property Team. Current forecasts show £0.200m of the £0.450m target will be delivered. Options to deliver the balance of the saving are being explored as part of the CES Transformation Programme and through a review of external venue hire spend.

Children's

3.1.9. CHI001 – Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children – forecast shortfall **£5.963m**: The number of Looked After Children and the cost of agency placements related to placement mix is not reducing as quickly as originally planned and we are forecasting only £2.177m of the £8.140m saving will be delivered. The delivery of this saving has been addressed in the 2016-17 budget process with the removal of part of the savings target.

Policy and Resources

3.1.10. GET015 – Reducing the costs on employment **£0.440m**: The Council agreed savings of £0.440m from reducing the cost of employment. Following discussion of a proposal relating to staff car parking by this Committee on 1st September, a member working group was established to determine how this saving can be achieved. Further discussion on the saving took place on the 30th November Committee, however the saving will not be achieved in 2015-16, and the saving has been removed as part of the 2016-17 budget-setting process.

4. Commentary on savings rated AMBER

4.1. Following review, two savings rated as AMBER are forecasting a shortfall of £0.204m. Commentary on these AMBER rated savings is provided below.

Children's

4.1.1. CHI017 – Review senior management and commissioning structures – forecast shortfall **£0.075m**: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

4.1.2. CHL008 – Savings in management costs in Children's Services – forecast shortfall **£0.129m**: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

5. Summary

5.1. The impact of the latest forecast means that shortfalls totalling £5.678m, £7.142m, £0.154m and £0.779m have been identified within the Children's, Adults, Communities, and P&R budgets respectively.

5.2. It is anticipated that the change in Minimum Revenue Provision policy approved by the County Council in February, along with the actions being taken by services in-year as set out in this report, will enable the delivery of a balanced outturn position for 2015-16.

5.3. The non-delivery of 2015-16 savings identified in this report relates to both fully undeliverable savings and savings which can be achieved, but which are subject to a delay in their delivery or implementation. These have been taken into account and actions to address the overall delivery of 2015-16 savings have been taken where appropriate as part of the 2016-17 budget-setting process as set out in this report. Service Committees maintaining a strong focus on the delivery of savings in 2015-16 and 2016-17 remains critical to support the achievement of the Council's budget plans in both current and future years.

Background Papers

County Council Budget 2016-17 to 2019-20: Revenue Budget 2016-17 (Item 4a, Annexe 5, County Council 22 February 2016)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

Officer Contact

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

Officer Name:	**Tel No:**	**Email Address:**
Simon George	01603 222400	simon.george@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk

IN TRAN communication for all

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

Annex 1

One-off amounts are included within the total savings set out in the Categorisation of Savings table below, as shown below.

One-off savings 2015-18

	2015-16	2016-17	2017-18
	£m	£m	£m
One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156	0.000
Use of ETD earmarked reserves	-0.500	0.500	0.000
Subtotal use of earmarked reserves	**-3.656**	**3.656**	**0.000**
One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	-0.100	0.000	0.100
County Farms funding (one-off)	-2.000	2.000	0.000
Insurance	-1.000	1.000	0.000
Subtotal one-off items	**-3.100**	**3.000**	**0.100**
Total use of reserves and one-off items	**-6.756**	**6.656**	**0.100**

Categorisation of Savings 2015-18 (Budget)

	2015-16	2016-17	2017-18	Total
Savings	£m	£m	£m	£m
Org Change - Staffing	-4.976	-0.528	0.000	**-5.504**
Org Change - Systems	-10.800	-13.753	0.000	**-24.553**
Capital	-0.614	-0.727	0.000	**-1.341**
Terms & Conditions	-0.705	-1.102	0.000	**-1.807**
Procurement	-5.667	-1.020	-0.135	**-6.822**
Shared Services	-0.190	-0.205	-2.000	**-2.395**
Income and Rates of Return	-7.558	-6.046	-2.900	**-16.504**
Assumptions under Risk Review	4.230	5.156	0.000	**9.386**
Back office subtotal	**-26.280**	**-18.225**	**-5.035**	**-49.540**
Reducing Standards, including eligibility	-4.144	-6.725	-0.800	**-11.669**
Ceasing Service	-6.297	-3.090	0.000	**-9.387**
Front line subtotal	**-10.441**	**-9.815**	**-0.800**	**-21.056**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

Annex 2

Savings by Committee 2015-18

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.341	-0.119	-0.262	-0.338	-2.378	**-4.437**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.706	-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	-1.650	0.170	-0.502	0.000	**-2.444**
4b Stop doing things	0.000	-1.874	-0.147	-0.150	0.000	**-2.171**
4c Change assumptions	-0.476	-3.156	0.000	0.000	7.786	**4.154**
Shortfall	-5.678	-7.142	0.146	-0.154	-0.779	**-13.607**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**
Savings 2016-17						
1a Organisation	0.000	0.000	0.000	-0.052	-0.323	**-0.375**
1b Lean	-5.081	0.000	-0.905	-0.515	-0.924	**-7.425**
1c Capital	-0.500	0.000	0.500	-0.227	0.000	**-0.227**
1d Terms & Conditions	-0.000	-0.090	-0.031	0.000	-0.876	**-0.997**
2a Procurement	0.000	-0.750	-0.350	0.000	0.830	**-0.270**
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	**-0.205**
3a Income and Rates of Return	0.000	0.000	-0.595	-0.105	-4.662	**-5.362**
4a Change standards	-0.400	-2.550	0.000	0.000	-0.083	**-3.033**
4b Stop doing things	0.000	-3.000	-0.090	0.000	0.000	**-3.090**
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	**5.156**
Shortfall	-5.920	-4.300	-0.280	-0.925	-0.787	**-12.212**
Total	**-11.901**	**-7.534**	**-1.756**	**-2.024**	**-4.825**	**-28.040**
Savings 2017-18						
1a Organisation	0.000	0.000	0.000	0.000	0.000	**0.000**
1b Lean	0.000	0.000	0.000	0.000	0.000	**0.000**
1c Capital	0.000	0.000	0.000	0.000	0.000	**0.000**
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	**0.000**
2a Procurement	0.000	0.000	0.000	0.000	-0.035	**-0.035**
2b Shared Services	0.000	0.000	0.000	0.000	0.000	**0.000**
3a Income and Rates of Return	0.000	0.000	0.000	0.100	-3.000	**-2.900**

4a Change standards	0.000	-0.800	0.000	0.000	0.000	**-0.800**
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	**0.000**
4c Change assumptions	0.000	0.000	0.000	0.000	0.000	**0.000**
Shortfall	0.000	0.000	0.000	0.000	2.100	**2.100**
Total	**0.000**	**-0.800**	**0.000**	**0.100**	**-5.135**	**-5.835**

Annex 3

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			0.000	Red
06	COM028	Electronic Monitoring of Home Care providers		-0.500		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the cost of business travel	-0.099	-0.090		-0.099	Green
		2a Procurement, Commissioning. Procurement					
06	COM027	Review block home care contracts	-0.100			-0.100	Green
06	COM042	Review of Norse Care agreement for the provision of residential care	-1.000	-1.500		-0.500	Red
04	GET010	Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least transport to another day service	-0.100			0.000	Red
04	GET011	Renegotiate the Norse bulk recharge	-0.106			-0.106	Green
		2b Procurement, Commissioning. Shared Services					
18	COM023	Integrated occupational therapist posts with Health	-0.100			-0.100	Green
18	COM024	Assistant grade posts working across both health and social care	-0.050			-0.050	Green
		3a Income generation, Trading. Sweat the assets					
20	COM019	Trading Assessment and Care Management support for people who fund their own care		-0.050		0.000	NA
08	COM025	Decommission offices, consolidate business support	-0.150			-0.150	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4a Demand Management. Change Standards					
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities.	-2.000	-3.000		-0.300	Red
35	COM038	Scale back housing-related services and focus on the most vulnerable people	-1.200			-1.200	Green
36	COM040	Reduce the number of Adult Care service users we provide transport for	-0.150	-0.150		-0.150	Amber
		4b Demand Management. Stop Doing Things					
31	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-6.000	-3.000		-1.874	Red
		Sub-total Savings from 2014-17 Budget Round	**-11.645**	**-8.290**	**0.000**	**-4.879**	
		1b Digital Transformation, BWOW. Lean					
1a	ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100			-0.100	Green
3c	ASC002	Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies.	-0.395	-1.500		0.000	Red
NA	P&R045	Inflation claw back across Committees	0.000			-0.019	Blue
		2a Procurement, Commissioning. Procurement					
1b	ASC004	Norse care rebate. The proposal is for the rebate to be allocated to the Adult Social Care revenue budget on an ongoing basis, rather than to the Adult Social Care Residential Care Reserve as previously.	-1.000			-1.000	Green
		4a Demand Management. Change Standards					
5a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council		-0.900	-0.800	0.000	NA
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
NA	ASC005	One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156		-3.156	Blue
		Sub-total new savings	**-4.651**	**0.756**	**-0.800**	**-4.275**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-7.142	
		Total Savings	**-16.296**	**-7.534**	**-0.800**	**-16.296**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Children's Committee							
		1a Digital Transformation, BWOW. Organisation					
08, 3a	CHI017, CHL001	Review senior management and commissioning structures	-0.180	0.000		-0.105	Amber
		1b Digital Transformation, BWOW. Lean					
21	CHI001-004	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	-8.140	-8.484		-2.177	Red
21	CHI001-004b	Children's Services Review - use of one off reserves to delay savings to 2015-16	2.000			2.000	Blue
		1c Digital Transformation, BWOW. Capital					
26	CHI012	Reduce the cost of transport for children with Special Educational Needs		-1.000		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the costs of business travel	-0.115	-0.105		-0.115	Amber
		4a Demand Management. Change Standards					
22	CHI005	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill		-1.912		0.000	NA
24	CHI010	Stop our contribution to the Schools Wellbeing Service, Teacher Recruitment Service, Norfolk Music Service and Healthy Norfolk Schools Programme and explore if we could sell these services to schools	-0.215			-0.215	Green
28	CHI014	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending		-0.250		0.000	NA
29	CHI015	Reduce funding for school crossing patrols	-0.150	-0.150		-0.150	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4c Demand Management. Change Assumptions					
12, NA	CHI018, CHL003	Reduced retirement costs for teachers	-0.400	0.000		-0.476	Blue
		Sub-total Savings from 2014-17 Budget Round	**-7.200**	**-11.901**	**0.000**	**-1.857**	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.181	Amber
		1b Digital Transformation, BWOW. Lean					
3e	CHL004	Continued use of public transport within Looked After Children service	-0.190			-0.190	Blue
3e	CHL006	Reducing legal costs for Looked After Children	-0.430			-0.765	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.079	Blue
		4a Demand Management. Change Standards					
4b	CHL005	Reduce subsidy for community use of school premises	-0.097			-0.097	Green
		Sub-total newly identified Savings	**-1.157**	**0.000**	**0.000**	**-1.302**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.678	
		Total Savings	**-8.357**	**-11.901**	**0.000**	**-8.357**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Communities Committee							
		1a Digital Transformation, Better Ways Of Working: Organisation					
08	RES79	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.009	-0.042		-0.009	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
NA		Reduced cost of ICT refresh		-0.100		0.000	NA
15	RES82	Efficiency savings arising from utilising public health skills and resources to remove duplication		-1.275		0.000	NA
		1c Digital Transformation, Better Ways Of Working: Capital					
55	FR001	Purchase different, cost effective fire vehicles for some stations	-0.074	-0.227		-0.074	Green
		2b Procurement, Commissioning. Shared Services					
16	ETD09	Enhanced multi-agency working on emergency planning	-0.040			-0.040	Amber
20	ETD24	Changes to the delivery of road safety education and evaluation to make greater use of community resources		-0.200		0.000	NA
		3a Income generation, Trading. Sweat the assets					
20	COM08	Museums - Gift Aid and Cultural Exemptions	-0.354			-0.354	Green
20	COM15	Norfolk Record Office - Increased income generation	-0.020	-0.010		-0.020	Green
48	ETD02	Charge for advice to business from our Trading Standards Service		-0.020		0.000	NA
20	RES39	Increase charges for Registration Services	-0.050	-0.050		-0.050	Green
58	RES42	Move the historical registration records to the Norfolk Record Office	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
47	ETD01	Scale back Trading Standards advice to focus on the things we have to do by law	-0.250			-0.250	Blue
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Sub-total Savings from 2014-17 Budget Round	**-0.847**	**-1.924**	**0.000**	**-0.847**	
		1a Digital Transformation, Better Ways Of Working: Organisation					
2a, 2b, 2d	CMM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.078	-0.010		-0.078	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
1c	CMM009	Reduction in Library Management System costs	-0.012			-0.012	Green
3b	P&R011	Review mail operations	-0.060	-0.065		-0.060	Green
3d	P&R010	Reduced consultation budget	-0.020			-0.020	Blue
NA	CMM012	Customer Services additional savings	-0.100			-0.100	Green
NA	CMM011	Library vacancy management additional savings	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.095	Blue
		2a Procurement, Commissioning. Procurement					
1a	CMM010	Fire & Rescue Service savings generated through Priority Based Budgeting exercise - focussed on procurement efficiencies and asset management	-0.095			-0.095	Amber
		3a Income generation, Trading. Sweat the assets					
2c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or it's history	-0.100		0.100	-0.100	Amber
1d	CMM007	Income generation (External hire replacement, fire testing, highways clearance, grants from Europe)	-0.450			-0.200	Red
2a	P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025		0.000	NA
		4a Demand Management. Change Standards					
3g	CMM001	Library staff reductions	-0.080			-0.080	Green
3b	CMM003	Service reviews, management savings in Customer Services	-0.090			-0.090	Blue
3e	CMM005	Reduced spend on ICT and conservation materials for Record Office	-0.032			-0.032	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
1b	CMM008	Reduce Healthwatch budget	-0.050			-0.050	Blue
		4b Demand Management. Stop Doing Things					
4a	CMM006	Arts - reduction of arts services and grants	-0.150			-0.150	Blue
		Sub-total new savings	**-1.367**	**-0.100**	**0.100**	**-1.212**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.154	
		Total savings	**-2.214**	**-2.024**	**0.100**	**-2.214**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Environment Development and Transport Committee							
		1b Digital Transformation, BWOW. Lean					
02	ETD15	Replacement of BusNet system with SMART ticket machines	-0.100			-0.100	Blue
02	ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys		-0.135		0.000	NA
59	GET07	Cut the cost of providing school transport (Allocate more children to public transport contracts)	-0.020	-0.020		-0.020	Green
NA	ETD33	Improving processes and working arrangements in ETD	1.000			1.000	Reversal
		1c Digital Transformation, BWOW. Capital					
59	GET08	Cut the cost of providing school transport (Incentivise entitled pupils to opt out)	-0.040			-0.040	Green
		1d Digital Transformation, BWOW. T&Cs					
04	GET16	Reducing the costs of business travel	-0.034	-0.031		-0.034	Green
		2a Procurement, Commissioning. Procurement					
17	ETD18	Renegotiate concessionary travel schemes with bus operators	-0.350	-0.350		-0.350	Blue
04	ETD23	Reduction in the number of hired highway vehicles	-0.150			-0.150	Blue
		2b Procurement, Commissioning. Shared Services					
16	ETD08	Collaboration with peer authorities for delivery of specialist minerals and waste services		-0.005		0.000	NA
		3a Income generation, Trading. Sweat the assets					
49	ETD04	Charge people for the advice they receive from us prior to submitting a planning application	-0.010			-0.010	Green
52	ETD07	Charge for site inspection reports for operators of mineral and waste sites	-0.005			-0.005	Green
20	ETD10	Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term.	-0.041	-0.072		-0.041	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
20	ETD11	Attract and generate new income for Historic Environment Services with a view to service becoming cost neutral in the long term.	-0.026	-0.046		-0.026	Green
20	ETD12	Full cost recovery for staff in Smart ticketing project	-0.250			-0.250	Green
20	ETD13	Full cost recovery for delivery of travel plans with developers	-0.050	-0.052		-0.050	Green
49	ETD14	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.125	-0.150		-0.125	Amber
20	ETD17	Reduce NCC subsidy for park and ride service by ongoing commercialisation.	-0.075	-0.075		-0.075	Amber
20	ETD25	Increased income from delivery of specialist highway services to third parties	-0.050	-0.100		-0.050	Amber
20	ETD28	Generation of external funding and grant programme management efficiencies		-0.100		0.000	NA
		4a Demand Management. Change Standards					
51	ETD06	Scale back planning enforcement	-0.037			-0.037	Green
53	ETD19	Reduce our subsidy for the Coasthopper bus service	-0.075			-0.075	Green
16	WAS06	Harmonisation of statutory recycling credit payments	-0.166			-0.166	Green
62	WAS09	Charge at some recycling centres		-0.280		0.000	NA
63	WAS10	Reduce opening hours at some recycling centres	-0.167			-0.167	Yellow
54	ETD35	Reduce highway maintenance for one year	1.000			1.000	Reversal
		4b Demand Management. Stop Doing Things					
08	ETD27	Review budget allocations for economic development projects	-0.147	-0.090		-0.147	Green
		Sub-total Savings from 2014-17 Budget Round	**0.082**	**-1.506**	**0.000**	**0.082**	
		1a Digital Transformation, BWOW. Organisation					
NA	EDT001	Management of Vacancies	-0.005			-0.005	Green
		1b Digital Transformation, BWOW. Lean					
3a	EDT002	Review of on call arrangements with Norfolk Fire and Rescue Service	-0.005			-0.005	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
3a	EDT003	Reduce training budget	-0.025			-0.025	Blue
3b	EDT004	Reviewing all of our back office budget and systems to identify savings, e.g. process reviews, without reducing our services	-0.566			-0.566	Amber
3e	EDT005	Introduce LED street lighting	-0.250	-0.750		-0.250	Amber
NA	EDT014	Additional savings Business support	-0.100			-0.100	Green
NA	EDT015	Additional savings LED Street lighting	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.145	Blue
		1c Digital Transformation, BWOW. Capital					
3f	EDT007	Use of reserves	-0.500	0.500		-0.500	Blue
		2a Procurement, Commissioning. Procurement					
1a	EDT008	Retendering of waste disposal contracts	-0.834			-0.834	Amber
1a	EDT009	Re-tendering of transport contracts	-0.370			-0.370	Green
1a	EDT012	Savings from new recycling contract	-0.200			-0.200	Green
		3a Income generation, Trading. Sweat the assets					
2a	EDT010	Highways Income	-0.200			-0.200	Green
3f	EDT011	Norfolk Energy Futures return on Investment	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
NA	EDT013	Reduce highways maintenance	-0.385			-0.385	Blue
		Sub-total newly identified Savings	**-3.540**	**-0.250**	**0.000**	**-3.685**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	0.146	
		Total Savings	**-3.458**	**-1.756**	**0.000**	**-3.458**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Policy and Resources Committee							
		1a Digital Transformation, BWOW. Organisation					
NA		Reduction in redundancy	-2.500			-2.500	Blue
01, 3a	RES10, P&R003	Restructure staff management in Procurement	-0.050	0.000		-0.050	Blue
08	RES62	Reduce staff in the Corporate Programme Office	-0.100			-0.100	Yellow
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Yellow
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.296	Yellow
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Green
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Green
08	RES63	Reduce spend on properties with third parties	-0.200	-0.100		-0.200	Green
08	RES63	Property saving not delivered (2014-15) £0.150m of £0.300m	0.150			0.150	Reversal
09	RES65	Reduce staff supporting organisational development and learning and development	-0.039			-0.039	Blue
10	RES81	Reduce printed marketing materials		-0.054		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET15	Reducing the costs of employment	-0.440	-0.860		0.000	Red
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Blue
		2a Procurement, Commissioning. Procurement					
02	RES02	One-off ICT saving	0.010			0.010	Reversal

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green
08	RES67	Office moves for some HR teams	-0.015			-0.015	Green
NA		County Hall refurbishment savings	-0.279	-0.751		-0.279	Green
NA		Cross cutting savings	0.194			0.194	Reversal
NA		Reduced cost of borrowing	-0.103	-0.825		-0.103	Blue
NA		New Homes Bonus	-0.910	-1.529		-0.910	Blue
NA		Use of second homes money	-1.200	0.000		-1.200	Blue
		4a Demand Management. Change Standards					
01	RES11	Continued efficiencies in tendering and contract management in Procurement		-0.083		0.000	NA
		4c Demand Management. Change Assumptions					
07	RES57	One-off use of the Communication development reserve	0.122			0.122	Reversal
NA		Use of organisational change reserves (one-off)	3.000			3.000	Reversal
NA		Use of organisational changes reserve (one-off)	1.000			1.000	Reversal
NA		Use of Modern Reward Strategy reserve (one-off)	0.547			0.547	Reversal
NA		Use of Icelandic Bank Reserve (one-off)	1.453			1.453	Reversal
NA		Interest receivable/payable - change to risk appetite (one-off)	4.164			4.164	Reversal
		Sub-total Savings from 2014-17 Budget Round	**3.777**	**-4.710**	**0.000**	**4.403**	
		1a Digital Transformation, BWOW. Organisation					
3a	P&R002	Service review Communications	-0.060			-0.060	Green
3b	P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100		0.000	NA
3b	P&R005	Automate more information and performance reports		-0.050		0.000	NA
3a	P&R006	Further savings for review of shared services organisation	-0.100			-0.100	Yellow

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
3a	P&R007	Reduce management hierarchies in Finance	-0.100			-0.100	Blue
3b	P&R008	Staff savings from new committee management system	-0.020			-0.020	Green
NA	P&R043	Additional Resources saving	-0.500			-0.500	Yellow
		1b Digital Transformation, BWOW. Lean					
1c	EDT006	Centralise control of software licences	-0.250			-0.250	Yellow
1c	P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050			-0.050	Yellow
3d	P&R013	Reduce the Chairman's budget	-0.030			-0.030	Blue
3b	P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030	-0.030		-0.030	Green
3f	P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100			-0.100	Green
3b	P&R016	Switch off colour printing for shared services staff	-0.020			-0.020	Yellow
3b	P&R017	Further reductions in printing spend	-0.090			-0.090	Yellow
1c	P&R018	Org Change: Reduced ICT spend through single device convergence		-0.625		0.000	NA
1d	P&R019	Reduce expenditure on external venues	-0.100			-0.100	Amber
3a	P&R020	Reduce number of interims and temps	-0.090			-0.090	Yellow
NA	P&R042	Local Welfare Assistance Scheme saving	-0.725			-0.725	Blue
NA	P&R039	Share of £1.7m additional savings 2015-16 (Resources)	-0.320			-0.320	Blue
NA	P&R037	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085			-0.085	Blue
		Efficiency savings (Finance General) to be redistributed	-0.500			-0.161	Blue
		2a Procurement, Commissioning. Procurement					
1c	P&R021	Pay per use ERP			-0.100	0.000	NA
1c	P&R022	New Multi Functional Devices contract 2016		-0.070		0.000	NA

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
1c	P&R023	Optimise car leasing and reduced mileage	-0.300			-0.300	Amber
1c	P&R024	Rationalise applications and centralise all applications spend		-0.100		0.000	NA
1a	P&R025	Corporate Banking project - move to Barclays			-0.035	0.000	NA
NA	P&R038	External Audit Saving	-0.012			-0.012	Blue
NA	P&R041	Insurance (one-off)	-1.000	1.000		-1.000	Blue
3a	P&R001	Rationalise procurement functions across the organisation	-0.060			-0.060	Green
		2b Procurement, Commissioning. Shared Services					
3c	P&R026	Org change: Collaborative working with others (shared services)			-2.000	0.000	NA
		3a Income generation, Trading. Sweat the assets					
3f	P&R033	Interest rate increases	-0.787	-0.990		-0.787	Blue
3f	P&R034	Section 31 Compensation for business rates initiatives	-1.194			-1.194	Blue
1d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000	-1.000	Green
2a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050		0.000	NA
2a	P&R029	Increased income from advertising	-0.050			-0.050	Green
2a	P&R030	Corporate approach to sponsorship & advertising		-0.100		0.000	NA
1b	P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100			-0.100	Blue
		4c Demand Management. Change Assumptions					
NA	P&R044	County Farms funding (one-off)	-2.000	2.000		-2.000	Blue
		County Farms funding (recurring)	-0.500			-0.500	Blue
		Sub-total newly identified Savings	**-10.173**	**-0.115**	**-5.135**	**-9.744**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.779	
		Total Savings	**-6.396**	**-4.825**	**-5.135**	**-6.396**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Grand Total Savings	**-36.721**	**-28.040**	**-5.835**	**-36.721**	

Definition of Savings Categories

1a	Org Change - Staffing	Savings achieved through the restructuring of staff. E.g. a management restructure.
1b	Org Change - Systems	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.
1c	Capital	Savings achieved through better use of the assets we have at our disposal. E.g. use of more cost effective fire vehicles.
1d	Terms & Conditions	Savings achieved through review of staff terms & conditions.
2a	Procurement	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Shared Services	Savings achieved through sharing services with other organisations
3a	Income and Rates of Return	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Reducing Standards, including eligibility	Savings which result in a reduced service for customers.
4b	Cease Service	Savings from the ceasing of a service.
4c	Assumptions under Risk Review	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Glossary and terminology

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

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

Cost centres & subjective analysis

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

Council Tax

Council Tax is a key source of locally raised income for the County Council. It helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants and fees and charges.
For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.

Earmarked reserves

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

Finance General

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

Financial Years

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

General balances

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

Medium Term Financial Strategy (MTFS)

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

Monitoring and forecasting

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

National non-domestic rates (NNDR)

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

Net & gross

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

Provisions

A provision is an amount which the authority is likely to have to pay out, but is of uncertain timing and/or amount. The Council's largest provisions relate to insurance and closed land-fill sites. In both cases historic and current data are used to calculate the appropriate provision carried forward each year.

Revenue & capital

Capital and revenue income and expenditure in local government are clearly defined and must be recorded separately. Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as *revenue* expenditure.

One-off spending which results in a new asset, or which improves an asset, is classed as *capital* expenditure. Capital grants may only be spent on capital expenditure. Also, income generated by the sale of any assets is classed as a capital receipt, and if not used to re-pay debt may only be spent for capital purposes. A more extensive definition is given in the separate capital monitoring report

Income from, for example, the sale of services, revenue grants and business rates is classed as *revenue* income and may be spent for revenue or capital purposes.

Policy and Resources Committee

Item No 15

Report title:	**Decisions taken under Delegated Authority**
Date of meeting:	**21 March 2016**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**
Strategic impact It is important that there is transparency in decision making processes to enable Members and the public to hold the Council to account.	

Executive summary

This report sets out decisions taken in relation to property matters by officers under the "hierarchy of decision making" since the report to your last meeting on 8 February.

Recommendations: To note the report.

1. Proposal

1.1 This report sets out "for information" decisions taken by Officers in relation to property matters under the "hierarchy of decision making". Appendix A sets out the decisions made. Exempt Appendix B provides the values of these transactions.

2. Evidence

2.1 Property Decisions are set out in Appendices to this report.

3. Financial Implications

There are no direct financial implications flowing directly from members noting this report. However the delegated decisions themselves often have significant financial implications, for example capital receipts from the sale of land/property.

4. Issues, risks and innovation

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

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

Officer Contact

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

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

IN TRAN
communication for all

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

Property Decisions taken under Delegated Powers **Appendix A**

Property	Decision Made	Date of Decision
Drayton Infant School	Lease to Childcare Professionals Ltd for nursery	21/01/2016
Downham Market Clacklose Annex	Conclusion of rent review	22/01/2016
Sporle Primary School	Lease to Academy Trust	21/01/2016
Narborough Primary School	Lease to Academy Trust	21/01/2016
North Pickenham Primary School	Lease to Academy Trust	21/01/2016
Castle Acre Primary School	Lease to Academy Trust	21/01/2016
Easton Primary School	Lease to Academy Trust	26/01/2016
Hockering Primary School	Lease to Academy Trust	26/01/2016
King Street Store forecourt	Licence for vehicle parking	30/01/2016
Thetford warehouse	Tenancy at Will to Dad's Army Museum	09/02/2016
Gorleston Fire Station	Licence to Maritime Coastguard Agency	09/02/2016
Scole, Lots 2, 3, 4	Disposal of land by auction	10/02/2016
Pulham Market Primary School	Acquisition of adjoining land for playing field extension	11/02/2016