

Policy and Resources Committee

Date: **Monday 27 October 2014**

Time: **10am**

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

SUPPLEMENTARY A g e n d a

9. **Strategic and Financial Planning 2015-18: Shared Services** (Page A3)
Report by Temporary Director of Strategy and Resources
- 10 **Strategic and Financial Planning 2015-18** (Page A15)
Report by Head of Business Intelligence and Performance Service &
Corporate Planning & Partnerships Service and Interim Head of Finance

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Date Supplementary Agenda Published: 22 October 2014



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Policy & Resources Committee

Item No...9...

Report title:	Strategic and Financial Planning 2015-18: Shared Services
Date of meeting:	27 October 2014
Responsible Chief Officer:	Director of Strategy and Resources
Strategic impact The proposals in this report will contribute towards the County Council setting a legal budget for 2015/16 which sees its total resources of £1.4billion spent on meeting the needs of residents.	

Executive summary

This report sets out additional savings proposals for the services under the remit of the Committee to close the projected shortfall for 2015/16

The Council overall, continues to face a challenging financial position, and the additional savings are in addition to those already agreed by Full Council and consulted on.

In making recommendations about additional savings, Members will want to take into account previous views expressed by users and residents in recent consultation. The report gives high level summary of these views and signposts to more detailed feedback.

The paper highlights the continued financial risks facing the Council as a whole, and the risks and issues associated with proposals specific to services covered by this Committee. Members are asked to recommend a set of proposals, highlighting those which will require further formal consultation.

The Committee is asked to:

- 7.1 Endorse the schedule of additional savings set out in Appendix A
- 7.2 Recommend the individual savings as set out in the schedule, or identify replacement savings to equivalent value
- 7.3 Note any risks set out in section 2.5 relating to savings already consulted and agreed upon
- 7.4 Review arrangements to ensure tight control on revenue budgets and highlight any issues or risks.

1. Proposal (or options)

- 1.1 Norfolk County Council is due to agree its new budget and plan for 2015-18 on 16th February 2015.
- 1.2 The Council continues to face an unprecedented set of financial challenges. In the current year, (2014/15) a total of £69m savings are being implemented; a further £40m of savings have been consulted on and agreed for 2015/16.
- 1.3 The role of the Policy and Resources Committee in developing the budget is set out in the Council's constitution. It confirms the committee is required to provide

guidance to service committees, publish the financial context and timetable for preparing the budget and recommend a budget for approval by Full Council.
(Part 7 – Rules of Procedure; 7.3)

- 1.4 As reported to Committees in September, an additional ‘gap’ for 2015/16 needs to be met, and Members have had initial discussions to consider efficiency savings towards that gap.
- 1.5 At Policy and Resources Committee on 29th September 2014, there was a review of the position to date and an update on the outcome of the Better Care Fund agreement for Norfolk.
- 1.6 The Committee noted that efficiency savings of around £11m had been identified to date, and as a result of the outcome to date of the Better Care Fund, a further £1.7m needed to be found. However, this was on the assumption that there were no overspends on the current revenue budget (2014/15), and that all savings for 2015/16 already consulted on and agreed by Full Council were delivered.
- 1.7 The suggested apportionment of the remaining £1.7m shortfall is as follows:

Children’s:	£310k
Adults:	£395k
Cultural:	£105k
ETD:	£385k
Fire and rescue:	£ 95k
Resources	£320k
Finance general:	£ 85k

- 1.8 The County Council faces a number of financial risks which need to be planned and accounted for. These are:
 - The budget proposed does not allow any further variations. If the risks above or new risks materialise, the County Council will need to identify additional savings
 - Government funding assumptions are uncertain for 2015-16 and beyond. When the Chancellor’s Autumn statement is announced 3 December 2014 and the Local Government finance settlement follows two weeks later, we will have greater clarity regarding funding for Norfolk County Council in 2015-16 and future impacts on Local Government funding.
 - Better Care Fund – whilst a £6.8m reduction has been included within the new budget assumptions reported to Policy & Resources Committee on 29 September 2014, this is subject to formal confirmation, in two stages (October 14 and February 15) and therefore could change.
 - Changes in legislation, such as the Care Act, have result in additional responsibilities and as yet unquantified additional pressures. These pressures are not currently included within the budget plans, under the assumption that the additional responsibilities will be fully funded.
 - Overspends for 2014-15 reported within Monitoring are to be managed by the end of the financial year. Plans are in place but if these strategies prove unsuccessful, additional costs will need to be incorporated within the budget and additional savings will need to be identified.

- Termination of the residual waste treatment (Willows) contract
- 1.9 We would expect the majority of risks identified in Para 1.8 to be clearer by mid-December. Any changes arising will need to be addressed in January Committees.

2. Evidence

2.1 Service specific context

The report to Policy & Resources Committee on 29 September summarised the approach taken to efficiency and improvement and savings for shared services.

The shared services are here to:

- ♦ Maximise the productivity of people throughout the council, through providing effective ICT, efficient business processes and a suitable working environment.
- ♦ Facilitate organisational transformation and development and provide high quality data and analysis, so that the Council's efforts can be focussed effectively on its priorities.
- ♦ Secure best value for money from procurement and property spend
- ♦ Deliver common services where there is an economy of scale or scope or a genuine need for consistency or compliance
- ♦ Support the democratic process

Shared services main contribution to budget savings is through the work they do for other parts of the organisation-such as delivering procurement, property or workforce savings, enhanced ICT, reduced duplication and "channel shift" (moving customers and staff to self-service and telephone channels top reduce the cost of delivery).

The establishment of shared services in 2010 has substantially reduced the cost of delivering these functions. Compared to costs in 2011/12, savings of £20.127m have been achieved.

At its meeting on 29 September, the committee considered details of savings of £8.536m previously identified for 2014/15 (for ease of reference, details of these are provided in Appendix B), and endorsed further potential savings of £4.484m for 2015/16, including Finance General.

2.2 Consultation feedback

- 2.2.1 Whilst any proposals which impact on users will need to be the subject of formal consultation, over the last four years the Council has learned a great deal through extensive budget consultations with residents and stakeholders. A summary is included below:
- 2.2.2 **Council efficiency** - Residents expect the County Council to spend their money efficiently. They don't want to be asked to endorse what they see as 'common sense' efficiency improvements and what should be a continuing drive to cut our own costs. There is some support for rationalisation based on priorities and statutory duties. There is a balance of views on taxation – but consistent desire for value for money.
- 2.2.3 **Vulnerable people** – there is concern that older people and people with disabilities are being disproportionately affected by reductions in social care and

other budgets. There is a feeling that proposals do not recognise the growing number of potentially vulnerable older people and carers and a strong concern that Council priorities do not overtly mention vulnerable people. We received a consistent view that reductions in preventative services are a 'false economy'

- 2.2.4 **Rurality and accessibility** - people are acutely aware of Norfolk's rurality and expect the Council to be in tune with this. There is a particular concern about changes to mobile services and transport in rural areas and specifically, about the impact on older people and isolation. We received well-articulated and strongly expressed views expressing concern about the costs and dangers younger people face to get to school and college.
- 2.2.5 **Council Tax** – this was a hot topic during the last two consultations, both of which resulted in a freeze. Last time over a quarter of respondents who expressed a view about Council Tax, overtly supported the freeze and over half supported an increase - albeit in most cases a small rise. Many people are well informed about the difficulties of agreeing Council Tax and Government penalties for increases.

2.3 Specific proposals for services

Shared services have been asked to find a further £320k in addition to the current savings of £8.5m previously identified for 2015/16 and the £4.484m (including Finance General) savings identified in the report to Committee on 29 September. This sum will be allocated across shared services and savings will be targeted on further procurement and business process savings.

If Members decide not to proceed with any of the proposals, then alternatives will need to be identified to the same value. There remain a number of risks and unknowns in the current financial climate, and for this reason, Members may want to consider how they would find any further savings if once the settlement is finally known, there is still a gap.

2.4 In-year spending pressures

At the meeting on 29 September it was reported that £8.536m of savings were being delivered in 2014/15. The main area of risk related to Shared Services is the cumulative impact on their resilience and their capacity to support organisational change. This is being closely monitored as part of the County Council's change programme management.

2.5 Delivery of savings for 2015/16 already consulted on and agreed by Full Council in February 2014.

- 2.5.1 Full Council in February 2014 agreed that the arrangements for the use of monies from reducing the council tax discount on second homes should be reviewed and discussed with District Councils for future years (2015-16 and 2016-17), based on an initial working assumption that the County Council proportion of the additional monies provided to District Councils would be reduced to 25% in 2015-16 and removed in 2016-17.
- 2.5.2 The current arrangements were put in place in 2004, when the law changed to allow the amount of council tax on second homes to be increased to 90% of the normal rate. All District Councils in Norfolk implemented this change. Following a further change in legislation, for 2013-14 this has been increased to 95% for all District Councils except Breckland which is 100%

- 2.5.3 As with any council tax, income accrues in the following proportions-80% to the County, 10% to Norfolk Constabulary, 10% to District. However, in Norfolk in 2004, a local agreement was reached that district councils and the Constabulary would retain “their” proportion of the additional monies collected (i.e., 10% and 10%) and that the County Council would divide its 80% share (currently approximately £4.535m per annum) equally with the District Councils. The position in 2014/15 and the impact of the proposed change is set out in Appendix C.
- 2.5.4 The local agreement is unusual and in most areas second homes monies are treated in the same way as all other council tax monies, i.e., 80% is retained by the relevant County Council.
- 2.5.5 Early discussions with the District Councils on the proposed changes were undertaken as part of the work to identify funding for the termination of the Willows energy from waste contract. District Councils. At that time District Council Leaders expressed the view that the local agreement should be retained.
- 2.5.6 Discussions on this matter are ongoing and any update will be reported to the committee at the meeting.

3. Issues, risks and innovation

- 3.1 Over the next three years it is highly likely that the delivery of the services within the new Resources and Finance Directorates will change significantly. As we respond to the changing needs of other services, further financial constraints, a greater understanding of customer requirements and emerging technological advances, the type, level and shape of service will be altered to meet those demands.

As reported to the Committee on 29 September, £1.400m of the saving identified for 2015/16 will be achieved through a comprehensive review of the shared services. The review is already underway and will be taken forward in the context of the new senior management structure agreed by County Council on 20 October.

The review will include:

- A review of traded services to confirm whether they are sustainable and fit with overall strategy
- Merger of teams where this is sensible
- A review of service levels
- Process improvements
- Greater automation and self-service
- A review of contracts to identify procurement savings
- A review of whether any services should be outsourced or carried out by partners.

This review will look at any commercial opportunities for shared services.

- 3.2 Procurement strategy will form an important part of financial management within the Council over the next few years and this will be developed to reflect the principles outlined by the Head of Procurement in his presentation to the committee on 29 September.

4. Assessing the impact of the savings proposals

- 4.1 Under the Equality Act 2010, public bodies must in exercise of their public functions have due regard to:
- Eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - Advancing equality of opportunity between people from different groups
 - Fostering good relationships between people from different groups
- 4.2 It is up to public bodies how they go about implementing the duty, however they must be able to provide evidence upon request that due regard has genuinely been paid.
- 4.3 At the time of writing this report, individual equality impact assessments are being started on proposals that potentially have an impact on identified groups with protected characteristics. This process will include engagement with relevant groups, which will form a core part of the evidence used to prepare the assessments. Once a final set of proposals is agreed for consultation, then arrangements for relevant engagement will be finalised.
- 4.4 A full equality impact assessment report will be published alongside the Policy and Resources budget papers for 26th January 2015. This is consistent with legislation and will allow Members sufficient time to inspect each proposal's equality impact assessment (along with all the other relevant evidence), prior to the meeting on 26th January 2015 to agree the recommendations to Full Council on 16th February 2015.

5. Financial Implications

- 5.1 Local Government funding will continue to reduce in the future. With likely continued protection of health budgets, other departments will take a larger proportion of future spending reductions, regardless of which party wins the next general election.
- 5.2 Any decision by Committees to remove savings, therefore creating further pressures, or any new pressures that are identified, will need to be offset by corresponding value of savings.
- 5.3 The efficiency savings of £11.163m are split by committee as follows:

2015-16 Savings (£m) by Committee and Theme							
Theme	Adult Social Care	Children's	Communities	Environment, Development & Transport	Policy & Resources	Total	%
1 - Digital Transformation, BWOW	200	937	328	1,835	980	4,280	
2 - Procurement, commissioning	1,000	0	0	970	300	2,270	
3 - Income generation, Trading	0	0	450	450	3,204	4,104	
Subtotal 1-3	1,200	937	778	3,255	4,484	10,654	95%
4 - Demand Management	0	400	109	0	0	509	
Subtotal 4	0	400	109	0	0	509	5%
Total	1,200	1,337	887	3,255	4,484	11,163	100%

- 5.4 As part of the budget planning process a suite of reports will be taken to the Policy & Resources Committee in January 2015. The suite will include:

- Revenue & Capital Budget 2015-16
- Statement on the adequacy of Provisions and Reserves 2015-18
- Robustness of estimates 2015-18
- Medium Term Financial Strategy 2015-18
- Capital Strategy & Programme 2015-18
- Asset Management Plan 2015-18

6. Next steps

- 6.1 All service committees are meeting during October to consider the implications of latest financial forecasting, and proposals for savings. It is anticipated that a set of proposals will come forward from Committees that will enable the Council to achieve a balanced, sustainable budget. However, in the event of any outstanding shortfall, it will be for Policy and Resources to identify proposals or action to close the gap.
- 6.2 At its meeting on October 27th 2014, Policy and Resources Committee will receive advice and recommendations from Committees and the light of this will:
- Review all proposals from Committees to ensure that collectively they will enable the Council to achieve a balanced, sustainable budget;
 - Agree any proposals which require more detailed formal consultation because of their impact on specific users or residents
 - Agree arrangements for assessing the impact of any proposals in line with Equalities legislation, ensuring there are sound arrangements for individuals and groups directly affected by potential proposals to have an opportunity to voice their views.
- 6.3 **In November, Committees** will be able to note any feedback to date from the consultation and engagement so far. The consultation will close on December 19th 2014 and at the **January 2015** round of meetings, Committees will review the findings and public consultation, the outcome of the local government settlement, other risk and impact assessments and agree final proposed budget savings.
- 6.4 It is the role of Policy and Resources Committee to recommend a set of proposals to Full Council. This will take place at its meeting on January 26th 2015, and Full Council on February 16th will agree the Council's budget. :

7. Recommendations

The Committee is asked to:

- 7.1 Endorse the schedule of additional savings set out in Appendix A
- 7.2 Recommend the individual savings as set out in the schedule, or identify replacement savings to equivalent value
- 7.3 Note any risks set out in section 2.5 relating to savings already consulted and agreed upon

- 7.4 Review arrangements to ensure tight control on revenue budgets and highlight any issues or risks to Policy and Resources Committee

8. Background.

Background Papers – Policy & Resources Committee 29 September 2014, item No 10, Update on progress of Shared Services savings proposals [Policy & Resources Committee 29 September](#)

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:

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

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Budget Savings 2015-18		2015-16	2016-17	2017-18
Policy and Resources Committee		£m	£m	£m
P&R001	Rationalise procurement functions across the organisation	-0.060		
P&R002	Service review Communications	-0.060		
P&R003	Change to procurement management team (brought forward from 2016/17)	-0.050		
P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100	
P&R005	Automate more information and performance reports		-0.050	
P&R006	Further savings target for review of shared services organisation	-0.100		
P&R007	Reduce management hierarchies in Finance	-0.100		
P&R008	Staff savings from committee management system	-0.020		
P&R010	Reduced consultation budget	-0.020		
P&R011	Review mail operations	-0.060	-0.065	
P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050		
P&R013	Reduce the Chairman's budget	-0.030		
P&R014	Courier savings	-0.030	-0.030	
P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100		
P&R016	Switch off colour printing for Shared Services staff	-0.020		
P&R017	Further reductions in printing spend	-0.090		
P&R018	Org Change: Reduced ICT spend through device convergence		-0.625	
P&R019	Reduce expenditure on external venues	-0.100		
P&R020	Reduce number of interims and temps	-0.090		
P&R021	Pay per use ERP			-0.100
P&R022	New Multi Functional Devices contract 2016		-0.070	
P&R023	Optimise car leasing and reduce mileage	-0.300		
P&R024	Rationalise applications and centralise all applications spend		-0.100	
P&R025	Corporate Banking project - move to Barclays			-0.035
P&R026	Org change: Collaborative working with others (shared services)			-2.000
P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000
P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050	
P&R029	Increased income through advertising	-0.050		
P&R030	Corporate approach to sponsorship & advertising		-0.100	
P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025	
P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100		
P&R033	Interest rate increases	-0.860	-0.990	
P&R034	Growth in Business Rates within Norfolk, increasing our 20% share of distributed funding	-1.194		
P&R035	Council Tax surplus / increased tax base			-1.555
	Newly identified Savings	-4.484	-3.205	-6.690
	Further savings from those identified to the Committee on 29th September - this sum will be targeted on further procurement and business process savings	-0.320		
	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085		
	Total	-4.889	-3.205	-6.690

Proposed Budget Savings for 2014-17

P & R COMMITTEE

Ref	BUDGET SAVINGS	2014-15	2015-16	2016-17
		£m	£m	£m
1	Restructure staff management in Procurement			0.050
1	Reduce staff in Procurement by introducing e-tendering	0.036		
1	Reduce staff in Procurement by introducing automated document assembly		0.050	
1	Continued efficiencies in tendering and contract management in Procurement			0.083
1	Mobile Data Management (Member Tablets)	0.030		
2	Savings in ICT (one off)	0.010	-0.010	
2	Replace current ICT systems, introducing cheaper solutions	0.017		
4	Reducing the costs of business travel	0.019	0.017	0.016
4	Reducing the costs of employment		0.440	0.860
7	Take out areas of underspend from the Procurement budget	0.079		
7	One off use of the customer services development reserve	0.122	-0.122	
8	Stop using temporary staff in Procurement	0.012		
8	Restructure and reduce the number of corporate and business support staff in Democratic Services	0.065		
8	Introduce a new staffing structure for the Registration Service	0.050		
8	Restructure and reduce staff supporting democratic processes	0.070		
8	End the intern scheme in Customer Services and Communications	0.026		
8	Do not fill vacant posts in the Customer Services and Communications team	0.100		
8	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	0.173	0.009	0.042
8	Reduce staff in the Corporate Programme Office	0.100	0.100	
8	Reduce staff in the HR Reward team	0.061	0.018	0.018
8	Reduce staff in the HR Strategy team	0.062		
8	Reduce staff in the Health, Safety and Wellbeing team in HR	0.066		
8	Restructure and reduce staff across HR	0.176	0.296	0.308
8	Restructure and reduce staff in ICT Services	1.800		
8	Review and reshape the responsibilities of the Chief Executive's role	0.031		
8	Reduce the cost of providing a Coroners Service	0.055		
8	Reduce spend on properties with 3rd parties	0.300	0.200	0.100
8	Office moves for some HR teams	0.015	0.015	
8	Consolidate support services into a reduced number of service groups		1.000	

8	Commercial and industrial waste produced by NCC premises	0.037		
9	Reduce controllable spend (eg training & subscriptions) in Customer Services and Communications	0.056		
9	Reduce staff supporting organisational development and learning and development	0.094	0.039	
9	Reduce controllable spend (eg training & subscriptions) in HR	0.116		
9	Reduce spend on attendance at the Royal Norfolk Show	0.028		
9	Spend less on organisational development and learning and development	0.065		
10	Restructure the Corporate Resources department to reflect a smaller council	0.042	0.400	
10	Reduce staff in Finance by increasing use of technology and changing business processes	0.800	0.160	
10	Reduce spend on postage	0.048		
10	Reduce printed marketing materials	0.054		0.054
11	Percentage staff saving from integration of customer insight into new corporate business intelligence function	0.005		
11	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	0.275	0.188	0.115
20	Increase charges for Registration Services	0.080	0.050	0.050
20	Increase income from services we sell to schools	0.018		
20	Increase income from Nplaw	0.298	0.058	0.051
20	Reduce funding to organisations that support and represent the local voluntary sector	0.045		
57	Move the historical registration records to the Norfolk Record Office		0.050	
58	Use of organisational change reserves (one off)	3.000	-3.000	
	Total Savings	8.536	-0.042	1.747

Impact of change to District retained shares of Second Homes Money in 2015 / 16 and 2016 / 17								
	Breckland	Broadland	Great Yarmouth	Kings Lynn and West Norfolk	Norwich	North Norfolk	South Norfolk	Total
	£	£	£	£	£	£	£	£
Current NCC share - 14 / 15	234,236	207,258	220,999	1,564,967	163,745	1,869,327	274,817	4,535,349
50% given to Districts in 14 / 15	117,118	103,629	110,500	782,484	81,873	934,664	137,409	2,267,675
Proposal to reduce to 25% in 15 / 16	58,559	51,815	55,250	391,242	40,936	467,332	68,704	1,133,837
Impact on Districts in 15 / 16	58,559	51,815	55,250	391,242	40,936	467,332	68,704	1,133,837
Additional impact on Districts in 16 / 17	58,559	51,815	55,250	391,242	40,936	467,332	68,704	1,133,837

Policy and Resources Committee

Item No 10

Report title:	Strategic and Financial Planning 2015/18
Date of meeting:	27th October 2014
Responsible Chief Officer:	Debbie Bartlett, Head of Planning, Performance & Partnerships & Peter Timmins, Interim Head of Finance
Strategic impact The proposals in this report will contribute towards the County Council setting a legal budget for 2015/16 which sees its total resources of £1.4billion spent on meeting the needs of residents.	

Executive summary

On 16 February 2015, Norfolk County Council is due to agree its new budget and plan for 2015/18. Policy & Resources Committee is responsible for coordinating this process and developing a whole-council budget and plan for Norfolk.

The County Council is currently managing unprecedented financial challenges. On 5 September 2014 P&R Committee heard that the Council faced a predicted budget shortfall of just over £147.5m for 2015/18 and a forecasted need to cut expenditure by a further £17.5m in 2015/16. This was £13.7m higher than earlier forecasts had predicted.

P&R Committee agreed a strategy to meet this shortfall that sought to identify efficiency savings before considering proposals that would represent cuts to services. On 29 September 2014, P&R Committee was advised that around £11m of efficiency savings had been identified across all services. This, combined with the outcome of the Better Care Fund, meant that the Council had a remaining budget gap of £1.7m to fill for 2015/16. Committees were asked to find ways to address this shortfall and report back to P&R Committee on 27 October 2014 on potential proposals and current financial risks.

This paper sets out the outcome of committees' deliberations so far and recommends next steps for consultation on the budget for 2015/18. This includes highlighting potential proposals that may impact on the public, and arrangements for conducting robust equality and rural assessments. Because of the timing of committees, it has not been possible to include all outcomes from committees in this paper. However, committee chairs will be at the P&R Committee and any updates will be tabled.

Recommendations:

The Committee is asked to:

- 9.1 Endorse the schedule of additional savings set out in Appendix A for consultation
- 9.2 Agree the arrangements for consultation set out in Section 8
- 9.3 Agree the arrangements for assessing the impact of the savings as set out in Section 5

1. Proposal (or options)

- 1.1 Norfolk County Council is due to agree its new budget and plan for 2015/18 on 16th February 2015.
- 1.2 The Council continues to face an unprecedented set of financial challenges. In the current year, (2014/15), a total of £69m savings are being implemented; a further £40m of savings have been consulted on and agreed for 2015/16.
- 1.3 The role of the Policy and Resources Committee in developing the budget is set out in the Council's Constitution. It confirms the Committee is required to provide guidance to service committees, publish the financial context and timetable for preparing the budget and recommend a budget for approval by Full Council. (Part 7 – Rules of Procedure; 7.3)
- 1.4 As reported to Committees in September, an additional 'gap' for 2015/16 needs to be met, and discussion have been taking place in Committees during September and October to close this gap.
- 1.5 The latest financial position was reported to the last Policy and Resources Committee on 29th September 2014. This updated on the outcome to date of the Better Care Fund agreement for Norfolk.
- 1.6 Policy and Resources noted that efficiency savings of around £11m had been identified across all services, and as a result of the outcome to date of the Better Care Fund, a further £1.7m needed to be found. However, this was on the assumption that there were no overspends on the current revenue budget (2014/15), and that all savings for 2015/16 already consulted on and agreed by Full Council were delivered.
- 1.7 The suggested apportionment of the remaining £1.7m shortfall was as follows:

Children's:	£310k
Adults:	£395k
Cultural:	£105k
ETD:	£385k
Fire and rescue:	£ 95k
Resources	£320k
Finance general:	£ 85k
- 1.8 Policy and Resources requested that each Committee agreed its relevant schedule of savings to make its contribution to the shortfall and feedback the resulting set of proposals to Policy and Resources meeting on October 27th 2014.
- 1.9 In addition, Committees were requested to review any risks associated with staying within budget for this current year (2014/15) and delivering savings already consulted and agreed upon for 2015/16.
- 1.10 This paper sets out the outcome of the Committees' deliberations and makes recommendations as to the next steps for consultation on the budget.
- 1.11 Because of the timing of the Committees, it has not been possible to include all the outcomes from the Committees in this paper. However, Chairs of Committees

will be at the Policy and Resources Committee, and any updates will therefore be tabled.

2. Proposals for additional savings in 2015/16

- 2.1 Attached at Appendix A is a schedule of additional savings for 2015/18.
- 2.2 At the time of writing this report, the proposals for Children's and Environment, Development and Transport have been considered by their respective committees and reflect the agreement of those Committees.
- 2.3 The remaining savings (covering Adults, Communities and P&R) are subject to discussion and agreement by those respective committees.
- 2.4 The total savings identified to date in the appendices is £11.163m. Proposals to meet the outstanding £1.7m will be reported at the Committee.

2.5 Efficiency savings

- 2.6 The majority of savings identified to date are from efficiency. This reflects the sustained programme of cutting the costs of running the Council without a direct impact on people using services. They relate mainly to streamlining working practices, buying and procuring services more efficiently and more effectively, and making the best use of resources, particularly our buildings.
- 2.7 The new additions exploit further the use of new technology, for example, in reducing printing costs, courier savings, rationalising phone lines and mobile phones. There are proposals for taking out unnecessary processes and streamlining how we do things – for example, using the skills and expertise of Digital Norfolk Ambition partner HP to look at processes in adult care.
- 2.8 Procurement savings include looking at a number of contracts which are up for re-negotiation, (for example waste and public transport), and savings which accrue through looking at demand management and the 'mix' of provision, for example, the provision of residential care beds.
- 2.9 Proposals to accelerate our approach to rationalising our property estate amount to £1m in 15/16, £1m in 16/17 and £3m in 17/18. Other savings around property include reducing the amount spent on external venue hire, and seeking to make better use of existing premises to offer meeting space to offset hire costs.
- 2.10 Income generation is reflected in a number of proposals across services – for example – advertising income, highways income, conservation and design income from the Museum service.

2.11 Service reductions

- 2.12 There are some proposals which – if agreed for consultation - will impact on users, or which will affect how people use our services. These include:
 - Changes to transport arrangements for adult social care clients
 - Cuts to grants to arts organisations

- One-off sale of antiquarian books – not currently in the lending stock, and not related to Norfolk
- Car parking charges at Gressenhall museum

3. Other risks and issues from Committees

- 3.1 All services are involved in implementing rapid change, and those with the largest budgets, Adults and Children's, have the added challenge of greater size and complexity to deal with. In both cases, what might appear to be a simple matter of implementing the right strategy, turns out to be more complex, due to mass, complication and the need for cultural change. This then requires more time and sometimes, more resource. This shows up in in-year overspends and deeper transformation. Both services are struggling to avoid overspends in 2014/15. The same feature may appear in 2015/16.
- 3.2 This would be hard enough in normal circumstances, but there are two other changes that increase uncertainty. The first is a change in the shape of the increasing population and changing needs, particularly so for children and older people. It requires us to improve our ability to predict the future and anticipate different patterns of care, the results of which may require significantly different and new approaches for the Council.
- 3.3 The second change is managing the nationally inspired changes – the Better Care Fund, the Care Act, and more demanding inspection regimes, to name just three. The largest unknowns are the effect of the Scottish referendum on governance in England and the General Election – both argue for sufficient reserves to deal with an event we can perceive, but details we cannot see.
- 3.4 This pace of change is challenging and potentially unsettling. Accommodating this could put a strain on the delivery of savings that have already been consulted and agreed upon.
- 3.5 The County Council faces a number of financial risks which need to be planned and accounted for. These are:
 - The budget proposed does not allow any further variations. If the risks above or new risks materialise, the County Council will need to identify additional savings
 - Government funding assumptions are uncertain for 2015-16 and beyond. When the Chancellor's Autumn statement is announced 3 December 2014 and the Local Government finance settlement follows two weeks later, we will have greater clarity regarding funding for Norfolk County Council in 2015-16 and future impacts on Local Government funding.
 - Better Care Fund – whilst a £6.8m reduction has been included within the new budget assumptions reported to Policy & Resources Committee on 29 September 2014, this is subject to formal confirmation in two stages (October 14 and February 15) and therefore could change.
 - Changes in legislation, such as the Care Act, have resulted in additional responsibilities and as yet unquantified additional pressures. These pressures are not currently included within the budget plans, under the assumption that the additional responsibilities will be fully funded.

- Overspends for 2014/15 reported within revenue monitoring are to be managed by the end of the financial year. Plans are in place but if these strategies prove unsuccessful, additional costs will need to be incorporated within the budget and additional savings will need to be identified.
 - Termination of the residual waste treatment (Willows) contract
- 3.6 We would expect the majority of risks identified in this section to be clearer by mid-December. Any changes arising will need to be addressed in January Committees.

4. Analysis

- 4.1 Taken as a whole the proposals agreed or under consideration at the time of writing this report are based on sound officer advice and based on current information. Whilst further detailed work will continue to ensure that the proposals are underpinned by robust delivery plans, it is the view of Directors and the Section 151 Officer (Head of Finance), that proposals should be subject to consultation with public, stakeholders and staff, including specific engagement with any groups likely to be particularly affected.
- 4.2 If further additional or alternative proposals are put forward by Members for consideration, they would need to be subject to review and advice from officers. There are two options for ensuring they clear any requirements for consultation before implementation. Either:
1. Be surfaced in time to be included in the consultation round starting at the end of October. The advantage is that it will maximise the savings;
 2. Be proposed later in the budget process. The disadvantage is that only a part-year effect could reasonably be included in the 2015/16 budget.
- 4.2 Most of the proposed budget reductions represent efficiency proposals, rather than reductions to services. However there are risks associated with their delivery overall, in terms of the potential impact of some of them to slow, delay or prevent complete delivery of what is already a significant portfolio of change and transformation taking place across Norfolk County Council which is set expand still further. In particular, as highlighted in previous programme reports, this impacts on staff and requires increased demand on critically important enabling corporate services such as ICT, information management, HR, procurement, communications and change management.
- 4.3 Members should also note the financial context which remains changeable and volatile given the in-year demand. Officer advice is that the savings set out here are the minimum which is required, should further savings be necessary to achieve a sustainable, balanced budget for 2015/16, the council will need to develop and agree new proposals which may then require additional consultation at a later date.

5. Assessing the impact of the savings proposals

- 5.1 Under the Equality Act 2010, public bodies must in exercise of their public functions have due regard to:
- Eliminating discrimination, harassment, victimisation and other conduct prohibited by the Equality Act 2010
 - Advancing equality of opportunity between people from different groups
 - Fostering good relationships between people from different groups
- 5.2 It is up to public bodies how they go about implementing the duty, however they must be able to provide evidence on request that the duty was considered before the decision is made, information was gathered and due regard has genuinely and specifically been paid.
- 5.3 At the time of writing this report, discussions within Committees about savings proposals are still underway. However, if they were all to be agreed and put forward by Committees, at this stage it is clear that the potentially vulnerable groups most likely to be affected are disabled and older people.
- 5.4 A special meeting of the Council's Strategic Equality Group has been arranged and this will assure itself of the arrangements in place to ensure the appropriate impacts are assessed. The assessments will draw upon a range of evidence, with a particular emphasis on public consultation, to ensure that the Council fully understands the nature of any potential impact. The results will then be made available to Members in their January meetings.

Arrangements are also being made to assess the rural impact of proposals. The Rural Community Council has agreed to provide advice on this.

- 5.5 A full impact assessment report will be published alongside the Policy and Resources budget papers for 26th January 2015. This is consistent with legislation and will allow Members sufficient time to inspect each proposal's impact in relation to equality and rural issues (along with all the other relevant evidence), prior to the meeting on 26th January 2015 to agree the recommendations to Full Council on 16th February 2015.

6. Financial Implications

- 6.1 Local Government funding will continue to reduce in the future. With likely continued protection of health budgets, other departments will take a larger proportion of future spending reductions, regardless of which party wins the next general election.
- 6.2 Any decision by Committees to remove savings, therefore creating further pressures, or any new pressures that are identified, will need to be offset by corresponding value of savings.
- 6.3 As part of the budget planning process a suite of reports will be taken to the Policy & Resources Committee in January 2015. The suite will include:
- Revenue & Capital Budget 2015-16
 - Statement on the adequacy of Provisions and Reserves 2015-18
 - Robustness of estimates 2015-18
 - Medium Term Financial Strategy 2015-18
 - Capital Strategy & Programme 2015-18
 - Asset Management Plan 2015-18

6.4 The Council is required to set its Council Tax before February 28 2015.

7. Staffing implications

7.1 Work is still in progress to analyse the full impact of the proposals on staffing numbers. When this is complete, there will be consultation with the trade unions on the overall implications, and detailed consultation within services with unions and affected staff. In any process of reducing staff numbers or restructuring, the Council's normal employment policies relating to redeployment or redundancy will apply. Every attempt will be made to retain necessary skills and experience where possible, and to minimise costs to the authority or redundancies where these occur.

8. Consultation

8.1 Last year, as part of the Norfolk, Putting People First consultation, the Council carried out a wide ranging and comprehensive consultation on its priorities, savings approach and three-year financial plan. This included very detailed consultation on a range of savings proposals for 2014/15 and 2015/16 and some for 2016/17. All County Councillors have been reminded of the results of that consultation in summary form and sent links to the detailed information so they could take account of public feedback during the September and October committee rounds.

8.2 Work to develop a set of proposals to meet the predicted remaining funding shortfall has been led by Committees during September and October. The debates and deliberations of Members have been held in public and publicised widely. In addition, the Council's web consultation site has sign-posted people to latest updates and progress and enabled people to give their views. We have also written to many community organisations to let them know of the planning and consultation approach and timetable and where they can find out more.

8.3 If Policy and Resources agrees the recommendations in this report we will then provide more detailed information about any specific proposals that would represent significant service change or reduction and invite and enable people including service users, the general public, stakeholders and staff to comment further. People can do so online, via our consultation website, by email, post or phone and importantly, via their Elected Member. We have publicised all these routes in the next edition of Your Norfolk scheduled for distribution to all homes in Norfolk during end October/November. Additionally, we will take extra steps to ensure that we reach the representatives of groups or communities that may be particularly affected by any proposal.

8.4 In particular, we will seek views on:

- Individual savings proposals, where these affect the public or stakeholders
- The assumption that there is no council tax increase for 2015/16, and the principle of hypothecation – that is the use of any monies that were to be raised through any increase to support a specified service.

- 8.5. The 'Putting People First' consultation provided the Council with a rich source of information about people's concerns and views. Any consultation materials will make it clear that we are not starting from scratch and that the views expressed 12 months ago have been summarised already for Members, and remain current.
- 8.6 The closing date for receiving views will be Friday 19th December 2014. This will allow a short window in which to analyse comments received and prepare a summary for the round of committees in January which will be held in public. Of course the actual decision on the Budget will not be made until Full Council on 16 February 2015. Until then, it will of course be open for anyone who has further views or representations to make, to do so via their County Councillor.

9. Recommendations

The Committee is asked to:

- 9.1 Endorse the schedule of additional savings set out in Appendix A for consultation
- 9.2 Agree the arrangements for consultation set out in Section 8
- 9.3 Agree the arrangements for assessing the impact of the savings as set out in Section 5

5. Background

Background Papers

Policy and Resources Committee (5 September 2014) - [Strategic and Financial Planning 2014/17 -Setting the budget and developing the County Council Plan for 2015/18](#)

Policy and Resources Committee (29 September 2014) - [Strategic and Financial Planning - 2015/18 \(page A13\)](#)

Children's Services Committee (15 October 2014) - [Strategic and Financial Planning 2015-18 \(page 13\)](#)

Environment Development and Transport Committee (16 October 2014) - [Strategic and Financial Planning 2015-18 \(page 62\)](#)

Communities Committee (21 October 2014) - [Strategic and Financial Planning 2015-18 \(page 18\)](#)

Adult Social Care Committee (23 October 2014) - [Strategic and Financial Planning 2015-18 \(page 10\)](#)

Officer Contact

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Appendix A

	Agreed by committee 15 October 2014			
Budget Savings 2015-18 Children's Committee				
		2015-16 £m	2016-17 £m	2017-18 £m
CHL001	Reduced management and commissioning structures	-0.090	0.090	
CHL003	Reduced retirement costs for teachers	-0.400	0.400	
CHL004	Continued use of public transport within Looked After Children service	-0.190		
CHL005	Reduce subsidy on community use of school premises	-0.097		
CHL006	Reducing legal costs for Looked After Children	-0.430		
CHL007	End of ground maintenance contract for trees in schools	-0.130		
	Newly identified Savings	-1.337	0.490	0.000
	Share of £1.7m additional savings 2015-16	-0.310		
	Total	-1.647	0.490	0.000

	Agreed by committee 16 October 2014			
Budget Savings 2015-18 Environment Development and Transport Committee				
		2015-16 £m	2016-17 £m	2017-18 £m
EDT001	Management of Vacancies	-0.005		
EDT002	Review of on call arrangements with NFRS	-0.005		
EDT003	Reduce training budget	-0.025		
EDT004	Reviewing all of our back office budget and systems to identify savings, e.g. process reviews, without reducing our services	-0.566		
EDT005	Introduce LED street lighting	-0.250	-0.750	
EDT006	Centralise control of software licences	-0.250		
EDT007	Revenue benefit of 'surrendering' various reserves	-0.500		
EDT008	Retendering of waste disposal contracts	-0.834		
EDT009	Re-tendering of transport contracts	-0.370		
EDT010	Highways Income	-0.200		
EDT011	Norfolk Energy Futures return on Investment	-0.050		
EDT012	Savings from new recycling contract	-0.200		
	Newly identified Savings	-3.255	-0.750	0.000
	Share of £1.7m additional savings 2015-16	-0.385		
	Total	-3.640	-0.750	0.000

		Subject to committee discussion		
Budget Savings 2015-18 Adult Social Care Committee				
		2015-16 £m	2016-17 £m	2017-18 £m
ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100		
ASC002	Redesign ASC pathway. Work with HP and procurement on areas of the pathway to drive out further efficiencies		-1.500	
ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	-0.100	-0.900	-0.800
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 ASC Residential Care Reserve as previously.	-1.000		
	Newly identified Savings	-1.200	-2.400	-0.800
	Share of £1.7m additional savings 2015-16	-0.395		
	Total	-1.595	-2.400	-0.800

		Subject to committee discussion		
Budget Savings 2015-18 Communities Committee				
		2015-16 £m	2016-17 £m	2017-18 £m
CMM001	Review staffing of the library service	-0.060		
CMM002	Museum service reduction in staff (£50,000) and income generation	-0.078	-0.010	
CMM003	Service reviews and management savings in Customer Services	-0.090		
CMM004	One-off sale of some antiquarian and collectable books that do not relate to Norfolk or its history	-0.100	0.100	
CMM005	Reduced spend on equipment and conservation materials for Record Office	-0.026		
CMM006	Arts - reduction of arts services and grants	-0.083		
CMM007	Income generation and efficiency savings for other NCC services	-0.450		
CMM008	Reduce Healthwatch budget		-0.050	
	Newly identified Savings	-0.887	0.040	0.000
	Share of £1.7m additional savings 2015-16 (Cultural Services)	-0.105		
	Share of £1.7m additional savings 2015-16 (Fire & Rescue)	-0.095		
	Total	-1.087	0.040	0.000

		Subject to committee discussion		
Budget Savings 2015-18 Policy and Resources Committee				
		2015-16 £m	2016-17 £m	2017-18 £m
P&R001	Rationalise procurement functions across the organisation	-0.060		
P&R002	Service review Communications	-0.060		
P&R003	Change to procurement management team (brought forward from 2016/17)	-0.050		
P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100	
P&R005	Automate more information and performance reports		-0.050	
P&R006	Further savings target for review of shared services organisation	-0.100		
P&R007	Reduce management hierarchies in Finance	-0.100		
P&R008	Staff savings from committee management system	-0.020		
P&R010	Reduced consultation budget	-0.020		
P&R011	Review mail operations	-0.060	-0.065	
P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050		
P&R013	Reduce the Chairman's budget	-0.030		
P&R014	Courier savings	-0.030	-0.030	
P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100		
P&R016	Switch off colour printing for Shared Services staff	-0.020		
P&R017	Further reductions in printing spend	-0.090		
P&R018	Org Change: Reduced ICT spend through device convergence		-0.625	
P&R019	Reduce expenditure on external venues	-0.100		
P&R020	Reduce number of interims and temps	-0.090		
P&R021	Pay per use ERP			-0.100
P&R022	New Multi Functional Devices contract 2016		-0.070	
P&R023	Optimise car leasing and reduce mileage	-0.300		
P&R024	Rationalise applications and centralise all applications spend		-0.100	
P&R025	Corporate Banking project - move to Barclays			-0.035
P&R026	Org change: Collaborative working with others (shared services)			-2.000
P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000
P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050	
P&R029	Increased income through advertising	-0.050		
P&R030	Corporate approach to sponsorship & advertising		-0.100	
P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025	
P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100		
P&R033	Interest rate increases	-0.860	-0.990	
P&R034	Growth in Business Rates within Norfolk, increasing our 20% share of distributed funding	-1.194		
P&R035	Council Tax surplus / increased tax base			-1.555
	Newly identified Savings	-4.484	-3.205	-6.690
	Share of £1.7m additional savings 2015-16 (Resources)	-0.320		
	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085		
	Total	-4.889	-3.205	-6.690