

Policy and Resources Committee

Date: **Monday, 4 June 2018**

Time: **10 am**

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

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

Membership

Mr B Borrett
Mrs P Carpenter
Ms E Corlett
Mrs M Dewsbury
Mr T Garrod
Mr K Kiddie

Mr S Morpew
Mr R Oliver
Mr D Roper
Mr E Seward
Mrs A Thomas
Mr M Wilby

**For further details and general enquiries about this Agenda
please contact the Committee Officer:**

Tim Shaw on 01603 222948
or email committees@norfolk.gov.uk

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Agenda

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

2. Minutes

To agree the minutes from the meeting held on 26 March 2018

(Page 5)

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. Public Question Time

15 minutes for questions from members of the public 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 223055) by **5pm on Wednesday 30 May 2018**. For guidance on submitting public question please view the Constitution at Appendix 10.

6. 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 30 May 2018**. For guidance on submitting public question please view the Constitution at Appendix 10.

Section A – Items for Discussion and Decision/Action

- | | | |
|-----------|---|--------------------|
| 7 | Finance Monitoring Report Outturn
Report by Executive Director, Finance and Commercial Services | (Page 16) |
| 8 | Delivering Financial Savings 2017-18 – Final Outturn Position
Report by Executive Director, Finance and Commercial Services | (Page 49) |
| 9 | Annual Treasury Management Report 2017/18
Report by Executive Director, Finance and Commercial Services | (Page 89) |
| 10 | Norse Business Plan
Report by Norse Group Managing Director
<i>Note: The business plan is not yet available and will be sent to follow</i> | (Page 110) |
| 11 | Review of Transport Provision to Access to Services
Report by Executive Director of Children’s Services | (To Follow) |
| 12 | Norse Consents
Report by Executive Director, Finance and Commercial Services | (Page 114) |
| 13 | Norfolk County Council’s Membership of the Local Government Association
Report by Executive Director, Finance and Commercial Services | (Page 117) |
| 14 | Internal and External Appointments
Report by Managing Director | (Page 140) |

Section B – Item for Report

15 Feedback from Members serving on Outside Bodies

To receive verbal reports (where appropriate) from Members serving on the following outside bodies:

1. LGA General Assembly

2. County Council Network
3. East of England Local Government Association:

Group Meetings

Conservative	9:00am	Leader and Deputy Leader 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: 24 May 2018



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Policy and Resources Committee

Minutes of the Meeting Held on 26 March 2018

10:00am Edwards Room, County Hall, Norwich

Present:

Mrs A Thomas (Chairman)

Mr B Borrett

Mrs P Carpenter

Mrs M Dewsbury

Mr T Garrod

Mr K Kiddie

Mr S Morpew

Mr D Roper

Mr E Seward

Mr M Wilby

Substitute Members present:

Ms E Corlett for Mrs C Walker

Mr C Foulger for Mr C Jordan

Also present:

Mr B Spratt

1. Apologies for Absence

1.1 Apologies for absence were received from Mr C Jordan, Mr R Oliver and Mrs C Walker.

2. Minutes

2.1 The minutes of the previous meeting held on 29 January 2018 were confirmed by the Committee and signed by the Chairman.

3. Declarations of Interest

3.1 Mr C Foulger and Mr Kiddie declared "other interests" in Hethel Innovation Ltd at item 15 on the agenda.

3.2 Mr Kiddie also declared an "other interest" in Repton Property Developments Ltd at item 16 on the agenda.

4 **Items of Urgent Business**

4.1 There were no items of urgent business.

5 **Public Question Time**

There were no public questions.

6 **Local Member Issues**

6.1 There were no local member questions.

Section A – Items for Discussion and Decision/Action

7 **Policy and Resources Committee Plan**

7.1 The annexed report (7) by the Managing Director was received.

7.2 The Committee received a report by the Managing Director that set out how the Committee's areas of responsibility within the three year forward plan would be shaped by the ambition of *Caring for our County: A vision for Norfolk in 2021*, and the principles of the County Council's new strategy: *Norfolk Futures*. The strategy set out what would be delivered over the next three years with the resources available. It identified key metrics against service transformation which would be monitored by Policy and Resources Committee over the period.

7.3 The Committee highlighted the five per cent improvement target in the County Council's reputation figure that was measured by the tone and volume of media coverage (referred to in the communication team's plan and mentioned at page 43 of the agenda). It was not possible to compare this year's figures with previous years, because the communications team had only been using the media evaluation system since summer 2017. It was therefore not possible to say if this year's coverage was better or worse than previous years.

7.4 Some Members asked if it would be possible to provide wider definitions of performance indicators, particularly where performance was currently only shown as projected year on year percentage increases, so as to demonstrate the impact that this work was having on front line services. In reply, the Strategy Director said that the reporting framework would use a broader basket of performance indicators that enabled Members to more easily review where the Council was achieving its high level objectives and the required impact.

7.5 The majority of Members expressed the view that the Committee Plan provided a wide range of information about the Committee, what it wanted to achieve and the means by which the Council intended to achieve its corporate ambitions. The Chairman added that the Plan was not designed to be a public facing document and that there were similar committee plans for each of the service committees.

7.6 **RESOLVED**

That Policy and Resources Committee:

- 1. Agree the Policy & Resources Committee Plan.**
- 2. Agree that Policy & Resources monitor the development of Local Service Strategy.**
- 3. Agree Policy & Resources Vital Signs.**
- 4. Agree the corporately significant vital signs, identified by each Committee.**

8. Performance and Risk Monitoring

8a Performance

8a (i) Corporately Significant Vital Signs Performance Management Report

8a (i) 1 The annexed report (8a) (i) by the Strategy Director was received.

8a (i) 2 The Committee received a report by the Strategy Director that provided up to date performance management information for corporately significant vital signs for the period to December 2017/January 2018. The report was based on the 'vital signs' performance indicators agreed by the Committee as part of the Council's revised performance management framework introduced in April 2016.

8a (i) 3 Members' attention was drawn to the action that was being taken to ensure that the correct procedures were being followed to provide health assessments for Looked After children.

8a (i) 4 Attention was also drawn to the work to stem the decline this year in the percentage of the rural population with access to a market town (shown in paragraph 3.10.1 of the report). The Council was working closely with local bus and rail operators on new ways to address this issue.

8a (i) 5 **RESOLVED**

That Policy and Resources Committee note the performance data and recommended action.

8a (iii) Managing Director's Department and Finance and Commercial Services Vital Signs Performance Management Report

8a (iii) 1 The annexed report (8a) (ii) by the Strategy Director was received.

8a (iii) 2 The Committee received a report by the Strategy Director that provided up to date performance management information for the Managing Director's Department and Finance and Commercial Services for the period to December 2017/January 2018. This was based on the corporately significant 'vital signs' performance indicators agreed by the committee as part of the Council's revised performance management framework introduced in April 2016.

8a (iii) Attention was drawn to mental wellbeing as the biggest cause of staff sickness

3 within Children's Services. It was pointed out that while the number of cases were lower than in the previous year, HR continued to promote and encourage the take up of the tools that were available to tackle this issue. The issue would be kept under review by Children's Services Committee.

8a (iii) **RESOLVED**

4

That Policy and Resources Committee note the performance data and recommended action.

8b **Risk Management Report**

8b.1 The annexed report (8b) by the Executive Director of Finance and Commercial Services was received.

8b.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided the Committee with the corporate risk register as it stood in March 2018, along with an update on the Risk Management Strategy 2016-19, and other related matters, following the latest review conducted during March 2018.

8b.3 **RESOLVED**

That Policy and Resources Committee note:

1. **The changes to the corporate risk register (appendices A and B to the report), the progress with mitigating the risks; and**
2. **The scrutiny options for managing corporate risks (Appendix C to the report);**
3. **The movement of corporate risks since the last meeting (Appendix D to the report);**
4. **The Finance and Commercial Services departmental risk summary (Appendix E to the report).**

9 **NCC 2017-18 Finance Monitoring Report Period 10**

9.1 The annexed report (9) by the Executive Director of Finance and Commercial Services and the Strategy Director was received.

9.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided details of the forecast position for the 2017-18 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2018, together with related financial information. The report also provided a brief commentary on a proposal to wind up the Great Yarmouth Development Company.

9.3 Attention was drawn to the effectiveness of the partnership with Barnardo's which aimed to support children to remain at home and to help to return where it was both appropriate and safe. In reply, the Executive Director of Children's Services said there had recently been a higher than normal number of interim care orders to

protect children where there were serious concerns of non-accidental injury and a higher than normal number of these were for children under the age of four (and particularly of children under the age of one) who required care. This had meant that the partnership with Barnardo's had not yet achieved the level of impact that was expected. The Executive Director of Children's Services said that the performance of the partnership with Barnardo's was being closely monitored. The results of the review would be reported to the Children's Services Committee.

9.4 In reply to questions, the Director of Finance and Commercial Services said that the risks for Repton Property Developments Ltd were not in methods of accounting, the means of borrowing money or the wording of the Articles of Association but in the application of the company's commercial sales policy.

9.5 **RESOLVED**

That Policy and Resources Committee:

1. **Note the period 10 forecast Revenue overspend of £1.597m;**
2. **Note the forecast General Balances at 31 March 2018 of £19.301m, before taking into account any over/underspends;**
3. **Note the revised expenditure and funding of the current and future 2017-22 capital programme as set out in Appendix 3 of the report;**
4. **Agree, subject to agreement from GYBC, to transfer the assets of the Great Yarmouth Development Company, under the terms of the shareholder agreement, with a view to the company being wound up as explained in Capital Appendix 2, section 5 of the report.**

10 **Delivering Financial Savings 2017/18**

10.1 The annexed report (10) by the Executive Director of Finance and Commercial Services was received.

10.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided details of the forecast delivery of the 2017-18 savings agreed by the County Council at its meeting on 20 February 2017. The report commented on the exceptions to successful delivery, in particular those items rated as red.

10.3 **RESOLVED**

That Policy and Resources Committee note:

1. **The forecast shortfall of savings delivery of £5.261m, which amounts to 11% of total savings for 2017-18;**
2. **The budgeted value of 2017-18 savings projects rated as RED of £7.428m, of which £2.725m are forecast to be delivered;**
3. **The budgeted value of 2017-18 savings projects rated as AMBER of £1.214m, of which £0.656m are forecast to be delivered;**
4. **The budgeted value of 2017-18 savings projects rated as GREEN or BLUE of £39.132m, of which £39.132m are forecast to be delivered;**

and

5. **The planned removal of savings for 2018-19 (£7.174m) and 2019-20 (£0.100m) reflecting delay and removal of savings as approved in 2018-22 budget setting by County Council on 12 February 2018.**

11 **Chancellor's Spring Statement and Needs and Resources Consultation**

- 11.1 The annexed report (11) by the Executive Director of Finance and Commercial Services was received.
- 11.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided a summary of the Chancellor's Spring Statement that would inform the Government's Budget decisions in the Autumn and therefore provided the framework for the Council's own financial planning for the 2019-20 financial year. In addition, the Council's response to the Government's *Fair Funding Review: a review of relative needs and resources* was appended to the report for Members' information. This set out an overview of the Council's key requests to Government in respect of future funding. The Fair Funding Review, alongside the implementation of greater business rates retention, was expected to have a significant impact on the resources available to local government for the delivery of services from 2020-21 onwards.
- 11.3 Members stressed the importance of continuing to lobby the Government to give greater priority within the fair funding review to public sector spending pressures of particular significance to Norfolk such as an aging population, coastal flooding and rural transport.
- 11.4 **RESOLVED**

That Policy and Resources Committee:

1. **Note the implications of the Chancellor's Spring Statement 2018 for the Council's 2019-20 budget setting.**
2. **Note the Council's response to the Government Fair Funding Review.**

12 **Procurement Six-monthly update**

- 12.1 The annexed report (12) by the Executive Director of Finance and Commercial Services was received.
- 12.2 The Committee received an update report by the Executive Director of Finance and Commercial Services on procurement issues. The report gave Members notice about current issues and forthcoming procurements so that they were able to provide strategic input.
- 12.3 The Executive Director of Finance and Commercial Services was asked to investigate whether the County Council could make savings by insourcing services which were currently bought-in and to inform Members if significant Tier 1 and Tier 2 contracts and categories of spend could be combined in some way to allow for strengthened contract management.

12.4 **RESOLVED**

That Policy and Resources Committee:

1. **Note the pipeline and the contracts of particular interest/concern that are included in the report.**
2. **Note the information contained in the report about contract management.**
3. **Ask for a more detailed analysis (at their next meeting) of whether the County Council could make savings by insourcing services which are currently bought-in and to be informed if significant Tier I and Tier 2 contracts and categories of spend may be combined in some way to allow for strengthened contract management.**
4. **Approve the nomination of Councillor John Fisher as shareholder representative for ESPO Trading Limited.**

13 **Norfolk and Waveney – Expression of Interest to Become an Integrated Care System**

13.1 The annexed report (13) by the Director of Adult Social Care was received.

13.2 The Committee received a report by the Managing Director about an invitation from NHS England for the Norfolk and Waveney Sustainability and Transformation Programme to bid to become one of a 'second wave' of Integrated Care Systems. The report set out the opportunities this presented for improved health services and integrated care, the criteria for application and how these reflected the Council's priorities.

13.3 In reply to questions officers said that Norfolk had a strong track record of integrated services and integrated commissioning and a STP that had been assessed as 'Advanced'. Becoming an integrated care system would position Norfolk and Waveney as one of the early adopters of the model. A risk register would be maintained during the development of new arrangements with the NHS. An important consideration during discussions with the NHS would be that the financial liabilities of the NHS did not pass to the County Council under any new arrangements. It was acknowledged that this was just an expression of interest. The Committee would be asked to consider progression to accepting becoming an Integrated Care System at a later stage.

13.4 **RESOLVED (with 10 votes in favour and 2 votes against)**

That Policy and Resources Committee support the Norfolk and Waveney Sustainability and Transformation Partnership expression of interest to become an Integrated Care System.

13.5 At this point in the proceedings, Cllr. Roper asked it to be minuted that he did not agree with the decisions that the Committee had reached in respect to minute 7.

14 **Digital Inclusion Strategy**

14.1 The annexed report (14) by the Executive Director, Community and Environmental Services was received.

14.2 The Committee received a report by the Executive Director, Community and Environmental Services that set out the Digital Inclusion Vision and Strategy, which was endorsed at the Digital Innovation and Efficiency Committee on 6 March 2018. The strategy aimed to address the main barriers to digital inclusion for the groups of people most likely to be disadvantaged by not being online.

14.3 The Committee asked for detailed figures for the digital exclusion data that was expressed in the report in percentage terms.

14.4 **RESOLVED**

That Policy and Resources Committee:

- 1. Approve the Digital Inclusion Vision and Strategy, which was endorsed at the Digital Innovation and Efficiency Committee on 6 March 2018.**
- 2. Ask to receive the detailed figures for the exclusion data that is expressed in the report in percentage terms.**

15 **Hethel Innovation Ltd**

15.1 The annexed report (15) by the Executive Director of Finance and Commercial Services was received.

15.2 The Committee received a report by the Executive Director of Finance and Commercial Services about the outcome of a light touch review of the governance arrangements for Hethel Innovation Ltd that took account of lessons learnt from the review of NORSE governance arrangements carried out in 2016. The report set out three areas where the review had recommended that the arrangements for Hethel Innovation Ltd were strengthened or changed.

15.3 The Committee was requested to approve a loan of £3m to enable Hethel Innovation Ltd to purchase the Council's freehold interest and assignment of the adjacent leasehold interests in the Hethel Engineering Centre. This issue had been considered by the Business and Property Committee on 14 March 2018.

15.4 **RESOLVED**

That Policy and Resources Committee:

- 1. Receive an annual shareholder report from Hethel Innovation Ltd in June each year.**
- 2. Ask the Executive Director of Finance and Commercial Services, in consultation with the Executive Director of Community and Environmental Services and Chair of Business and Property**

Committee, to put a Shareholder Agreement in place between Hethel Innovation Ltd and the County Council.

- 3. Authorise the Executive Director of Finance and Commercial Services to amend to the Articles of Association for Hethel Innovation Ltd to reflect the changes set out in paragraph 2.3.5 of the report.**
- 4. After noting that Business and Property Committee on 14 March 2018 had approved the sale of the Council's freehold interest in the Hethel Engineering Centre and assignment of the adjacent leasehold interest to Hethel Innovation Ltd for £3m, to agree to authorise the loan of £3m to Hethel Innovation Ltd. The commercial structure of the loan will be agreed by the Executive Director of Finance and Commercial Services, but it is anticipated that the loan and capital interest will be repayable over 31½ years to mirror the repayment of the Council's existing loan to Hethel Innovation Ltd.**

16 Repton Property Developments Ltd. Articles of Association, etc.

- 16.1 The annexed report (16) by the Executive Director of Finance and Commercial Services was received.
- 16.2 The Committee received a report by the Executive Director of Finance and Commercial Services on the formal procedures to establish the governance for Repton Property Developments Limited, a company wholly owned by Norfolk County Council, and to adopt suitable articles of association and formally register the Directors appointed by Full Council.
- 16.3 Some Members were concerned about how many properties Repton Property Developments Ltd would be able to build and to sell as affordable housing. They were of the view that the drive to make short term capital gains could significantly limit the amount of affordable housing provided by the company.
- 16.4 Other Members spoke about the dangers of placing unnecessary social policy restrictions on a company which was set up to pro-actively exploit the latent value of the Council's property portfolio and generate future income streams and capital resources that helped protect Council services.
- 16.5 In reply, the Director said that while he would be happy to examine the issue of affordable housing in general terms there would be many opportunities for Members of Business and Property Committee to consider the commercial viability and social benefits of individual housing projects before they went before a local planning committee.
- 16.6 Mr S Mophew moved, duly seconded by Ms Corlett:

That Business and Property Committee be asked to produce a business policy for Repton Property Developments Ltd to ensure the proportion of social housing in any development was not compromised by viability assessments.

On being put to the vote there were 2 votes in favour and 10 votes against, whereupon the motion was declared LOST.

16.5 **The Committee then RESOLVED:**

1. **To formally adopt the Articles of Association, the Delegations and Reserved Matters and Adoption of a special resolution for Repton Property Developments Ltd as detailed in the appendices of the Business and Property Committee report of 14 March 2018.**

The Committee also RESOLVED to RECOMMEND:

2. **Full Council nominate David Dukes as a replacement County Council Officer Director for Repton Property Developments Ltd.**

17 **Code of Corporate Governance**

17.1 The annexed report (17) by the Executive Director of Finance and Commercial Services was received.

17.2 The Committee received a report by the Executive Director of Finance and Commercial Services about a refresh of the Council's Code of Corporate Governance in line with CIPFA's latest guidance. The Code brought together the Council's Governance and Standards in one place and supported the Council's Constitution. The Code was referenced in the Council's Annual Governance Statement, published each year and subject to external audit scrutiny.

17.3 **RESOLVED**

That Policy and Resources Committee approve the revised code of corporate governance at Appendix A to the report.

18 **Norse Consents**

18.1 The annexed report (17) by the Executive Director of Finance and Commercial Services was received.

18.2 The Committee received a report by the Executive Director of Finance and Commercial Services that sought approval for the appointment of Directors to companies in the Norse Group.

The Committee **RESOLVED:**

To recommend to Full Council the appointment of Directors to companies in the Norse Group as detailed in the appendix to the report.

Section B – Items for Report

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

19.1 The annexed report (19) by the Executive Director of Finance and Commercial Services was received.

19.2 The Committee received a report by the Executive Director of Finance and Commercial Services that set out the exemptions that had been made up to 26 February 2018 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.

19.3 **RESOLVED**

That as required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee note the exemptions that have 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 are over £250,000.

20 **Feedback from Members serving on Outside Bodies**

20.1 **None received.**

The meeting concluded at 1 pm

Chairman

Policy and Resources Committee

Item No 7

Report title:	Finance monitoring report outturn 2017-18
Date of meeting:	4 June 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact The Annexes to this report summarise the financial outturn position for 2017-18, to assist members to 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 outturn position for the 2017-18 Revenue and Capital Budgets, General Balances, and the Council's Reserves at 31 March 2018, together with related financial information. The report also provides a brief commentary on budgets which are the direct responsibility of this Committee.

Members are asked to:

- **note the Revenue outturn of an underspend of £0.235m on a net budget of £358.812m;**
- **note the General Balances of £19.536m at 31 March 2018, including the 2017-18 underspend of £0.235m;**
- **note the reserves carried forward at 31 March 2018 as set out in Appendix 1 paragraph 5.5;**
- **note the financial information in respect of budgets which are the direct responsibility of this Committee, as set out in Revenue Annex 2 page 1;**
- **Note a debt write off of £0.117m resulting from the July 2017 P&R decision to liquidate Norfolk Energy Futures Limited, as described in Revenue Annex 2 page 2;**
- **note the expenditure and funding of the 2017-18 and future capital programmes as set out in Appendix 2;**
- **Approve additional borrowing of £1.978m (Adult Social Care) and £1.694m (other services) to fund in-year capital expenditure where the revenue contributions have been placed in revenue reserves to support the MTFS as set out in Appendix 2 paragraph 3.8;**
- **Approve the proposal to wind up the dormant Norfolk Regeneration Company Limited as set out in Appendix 2 paragraph 5;**

- **Note the possible purchase of farmland as described in Appendix 2 paragraph 6.**

1. Introduction

1.1 On 20 February 2017, the County Council agreed a net revenue budget of £358.812m. At the end of each month, officers have prepared financial forecasts for each service and these have been presented to this committee throughout the year. The appendices to this report summarise the financial outturn for 2017-18, which is reflected in the Council's draft Statement of Accounts.

2. Evidence

2.1 Three appendices are attached to this report:

Appendix 1 summarises the revenue outturn position, including:

- Forecast over and under spends
- Changes to the approved budget
- Payments and debt performance

Appendix 2 summarises the outturn relating to services which are the responsibility of this committee

Appendix 3 summarises the capital outturn position, and includes

- Changes to the capital programme
- Future years capital programmes
- Capital programme funding
- Income from property sales

3. Financial Implications

3.1 As stated above, the revenue outturn for 2017-18 is an underspend of **£0.235m** (previous report month 10 £1.597m overspend).

3.2 A significant improvement compared to the P10 forecast overspend is due mainly to a reduced overspend in Children's Services, and an increased underspend achieved in Adult Social Services.

3.3 Savings related to the results in this report are reported separately to this Committee.

3.4 The Council's capital programme has been updated to include new schemes approved by County Council on 12 February 2018, and reflects the position at 31 March 2018.

4. Issues, risks and innovation

Risk implications - monitoring

4.1 The Council's Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk.

4.2 Risk management reports which include the corporate risk register are presented regularly to this Committee. A majority of risks, if not managed, could have significant financial consequences. The risks addressed include finance specific risks, for example of failing to generate income or to realise savings.

4.3 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers have taken measures throughout the year to reduce or eliminate potential over-spends.

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, progress has been regularly monitored and corrective action 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
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Appendix 1: 2017-18 Revenue Finance Monitoring Outturn Report

Report by the Executive Director of Finance and Commercial Services

1 Introduction

This report gives details of:

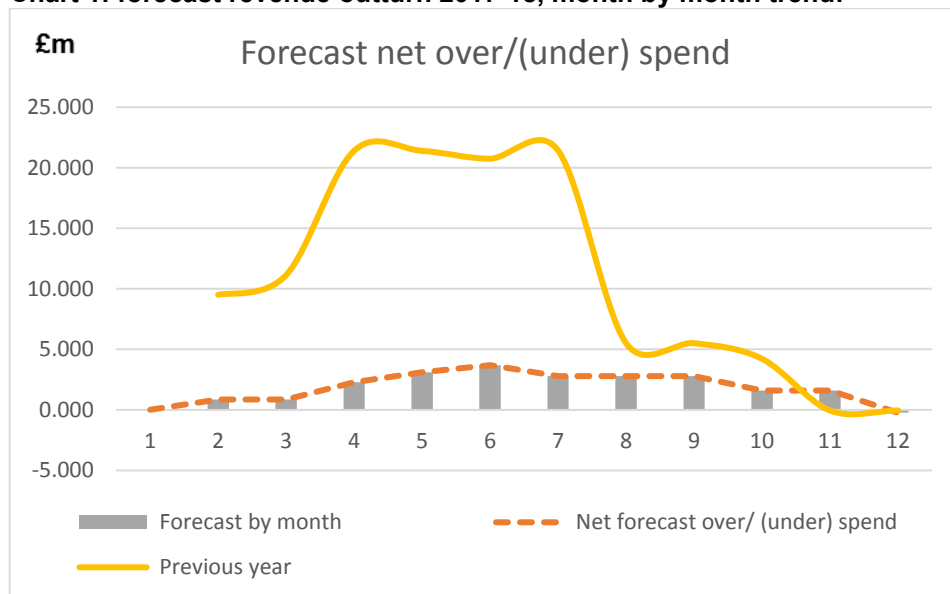
- the outturn position for the 2017-18 Revenue Budget
- General Balances and Reserves at 31 March 2018 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

At the end of the 2017-18 financial year:

An underspend of **£0.235m** (month 10: £1.597m) has been achieved on a net budget of £358.812m.

Chart 1: forecast revenue outturn 2017-18, month by month trend:



2.1 As in previous years, managing the budgets for Looked After Children has been challenging as numbers have not reduced as planned. The largest service overspends relate to this issue.

2.2 The reduction in the forecast overspend since P10 is due mainly to improvements in both Adults and Children's Services.

2.3 General Balances at the start of the year were £19.301m at 31 March 2017. With the addition of the net 2017-18 underspend of £0.235m, general balances stand at £19.536m.

2.4 Reserves balances are shown in section 3, and are summarised as follows.

Table 1: Reserves and provisions summary

Reserves and provisions	Opening balance 1 April 2017	Closing balances 31 March 2018
	£m	£m
Total reserves and provisions (excl LMS)	88.025	100.484
LMS balances	13.954	5.877
Total reserves and provisions	101.979	106.361

3 Agreed budget, changes and variations

3.1 The 2017-18 budget was agreed by Council on 20 February 2017 and is summarised in the Council's Budget Book 2017-20. A summary of budgets by service is as follows:

Table 1: 2017-18 original and revised net budget by service

Service	Approved net base budget	Revised budget P10	Outturn budget
	£m	£m	£m
Adult Social Services	261.453	261.401	272.524
Children's Services	177.351	173.452	180.787
Community and Environmental Services	189.342	155.169	158.488
Managing Director's Department	8.505	7.794	7.794
Finance and Commercial Services	26.005	26.912	33.315
Finance General	-303.844	-265.916	-294.096
Total	358.812	358.812	358.812

3.2 During the year, the main budget movement was a £35m depreciation adjustment to reflect the withdrawal of proposed Highways Network asset accounting rules.

3.3 The budget movements since period 10 reflect capital accounting adjustments to ensure that certain costs associated with capital expenditure are attributed to services in the Statement of Accounts, but which do not affect the revenue budgets of those services. Some of these adjustments have happened after Service Committee finance reports were prepared.

3.4 The Council's overall net budget has not changed during the year.

4 Revenue outturn – forecast over/underspends

- 4.1 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.
- 4.2 A summary of service under and over spends are summarised in the following table:

Table 2: 2017-18 (under)/over spends by service

Service	Revised Budget	Net (under)/over spend	%
	£m	£m	
Adult Social Services	272.524	-3.696	-1.4%
Children's Services	180.787	4.538	2.5%
Community and Environmental Services	158.488	-0.080	-0.1%
Managing Director's Department	7.794	-0.031	-0.4%
Finance and Commercial Services	33.315	-0.108	-0.3%
Finance General	-294.096	-0.858	0.3%
Totals	358.812	-0.235	-0.1%

- 4.3 The main reasons for the forecast service under and overspends are as follows:
- Adult Social Services:** when setting the budget, the Council recognised the additional business risks affecting the service, specifically in relation to the ongoing pressures from the cost of care, increases in the National Living Wage, the continued growth in demand and the impact of savings not achieved in previous years. To support this, an additional £19.738m was added to the 2017-18 budget, over and above usual pay, price and growth increases. Key variations in the final periods included reductions in salary costs through delays in recruitment, lower home support costs than previously forecast through improved information availability and increased service user income compared to the forecast position. The underspend shown above is after a £4.5m transfer into a business risk reserve to help mitigate the budget risks to the department in 2018-19. Further details can be found in the 14 May 2018 Adult Social Care Committee Finance Monitoring Report.
 - Children's Services:** The Children's Services revenue budget shows an overspend of £4.538m for the 2017-18 financial year. This includes the use of £2.591m of reserves. There has been a significant increase in number of children currently supported compared to the 16-17

average and since the start of 17-18, with associated cost pressures. There are also additional costs for accommodating children leaving care, extensive nursing support for children with disabilities (net of health contribution) that were not anticipated when the budget was set, and increased costs of special educational needs transport.

Additional demand for SEND places has put additional pressure on the High Needs block spend, which has had an effect on the DSG budget recovery plan. The Schools' revenue budget shows an overspend of £5.509m for the 2017-18 financial year. This overspend is funded through a loan from Locally Maintained Schools balances. This loan will need to be repaid in future years. Further details are given in the 22 May 2018 Children's Services Committee Finance Outturn Report.

- 4.4 Further details of over and underspends in each service are given in Revenue Annex 1.

5 General balances and reserves

General balances

- 5.1 On 20 February 2017 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.252m through 2017-18. The balance at 1 April 2017 was £19.301m. Due to the £0.235m underspend in 2017-18, the balance now stands at £19.536m.

Reserves 2017-18 – opening balances

- 5.2 The use of reserves anticipated at the time of budget setting was based on reserves balances anticipated in January 2017. Actual balances at the end of March 2017 were higher than planned, partly as a result of grants being carried forward, and reserves use being deferred. This has resulted in reserves balances being over £13m higher at 31 March 2017 than had been anticipated at the time of budget setting:

Table 3a: Increase in reserves balances b'fwd over budget book assumptions

Reserves and provisions by service	Budget book forecast balances 1 April 2017	Actual balances 1 April 2017	Increase in b'fwd balances over budget book assumptions
	£m	£m	£m
Adult Social Services	4.136	6.230	2.094
Children's Services (excl LMS)	7.703	8.491	0.788
Community and Environmental Services	30.802	39.504	8.702
Managing Director's Department	3.203	2.627	-0.576
Finance & Commercial Services	2.555	4.304	1.749
Finance General	26.175	26.897	0.722
Adj. to reconcile to statutory accounts		-0.028	-0.028
Total reserves and provisions (excl LMS)	74.574	88.025	13.451
LMS balances	14.000	13.954	-0.046
Total reserves and provisions	88.574	101.979	13.405

Reserves 2017-18 – closing balances

- 5.3 The 2017-18 budget was approved including one-off use of £14.138m use of earmarked reserves (budget book 2017-18 page 35), including the allocation of £5.813m reserves use approved in detail at the 3 July 2017 meeting of this Committee.
- 5.4 Taking into account the £5.8m allocation, the 31 March 2018 balances forecast at the time of 2017-18 budget setting were £67.948m. More recently, at the time the 2018-19 budget was approved, this forecast had increased to £72.630m.

5.5 The following table sets out budget book assumptions and 31 March 2018 outturn balances.

Table 3b: Increase in reserves balances at March 2018 over budget book assumptions

Reserves and provisions by service	Adjusted 2017-18 Budget book forecast balances 1 April 2018	Forecast Balances at time of 2018-19 budget setting	Actual Balances 31 March 2018
	£m	£m	£m
Adult Social Services	3.427	16.676	31.063
Children's Services (excl LMS)	6.071	5.132	7.903
Community and Environmental Services	26.647	31.943	36.504
Managing Director's Department	2.729	2.021	2.517
Finance & Commercial Services	1.837	2.266	3.353
Finance General	15.237	14.592	19.144
Total reserves and provisions (excl LMS)	55.948	72.630	100.484
LMS balances	12.000	-	5.877
Total reserves and provisions	67.948	72.630	106.361

As can be seen from this table, forecast closing balances for non LMS balances at 31 March 2018 are significantly higher than anticipated at the time of budget setting, with higher than anticipated in all areas, in particular additional funding being carried forward in Adult Social Services and CES, plus a new general business risk reserve in Finance General.

The significant increase in ASC reserves is due mainly to £4.500m added to an Adults Business Risk Reserve, to support budget pressures in 2018-19, and £15.7m of Improved Better Care Fund unspent grant required to be carried forward for committed projects.

The Schools DSG overspend in 2017-18 has been funded from a loan from Locally Maintained Schools balances, that will be repaid in future years. A plan to reduce the under-lying overspend and to repay the loan, whilst meeting the needs of Children and Young People, has been developed and proposals have been discussed and agreed at the Schools' Forum, following a consultation with schools. The outcome of this work was included within the "Dedicated Schools Grant 2018-19" committee paper that was discussed at the January Children's Services Committee.

5.6 Revenue contributions of £1.978m £1.9m (Adult Social Care for equipment/to replace unallocated DoH grant) and £1.694m (Highways, Libraries, Fire and Rescue and Children's Services) have been placed in revenue reserves to support the MTFS. Members are asked to approve additional borrowing to fund in-year capital expenditure in respect of the schemes for which the contributions were originally made.

5.7 Provisions included in the figures above

The table above include provisions of £30.3m. These comprise

- Insurance provision £11.0 (reduced by £0.3m)
- Closed Landfill site accounting provision (non cash-backed) £12.4m (increased by £1.3m)
- Bad debts provisions £6.5m (primarily ASC debts)
- Pension, redundancy and pay provisions £0.4m (decreased by £0.3m).

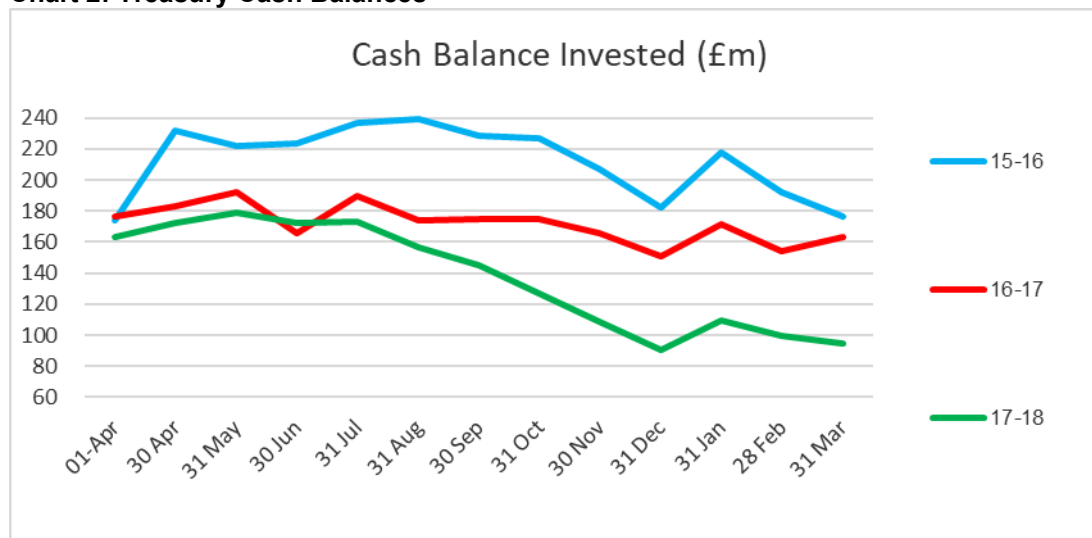
The landfill provision is required for accounting purposes and is included in the CES figures above. It is not cash backed and cannot be used to support revenue or capital expenditure.

6 Treasury management summary

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

6.2 The graph below shows the level of cash balances over the last three years.

Chart 2: Treasury Cash Balances



6.3 The balance shown above at the end of March 2017 (red line) was inflated by the addition of £40m PWLB debt into cash balances: this additional cash has been spent in 2017-18 as the NDR neared completion. The general reduction through 2017-18 reflects good progress on the NDR and other capital schemes throughout 2017-18. Balances levelled off in the final months of the year with the help of £20m PWLB borrowing (see below).

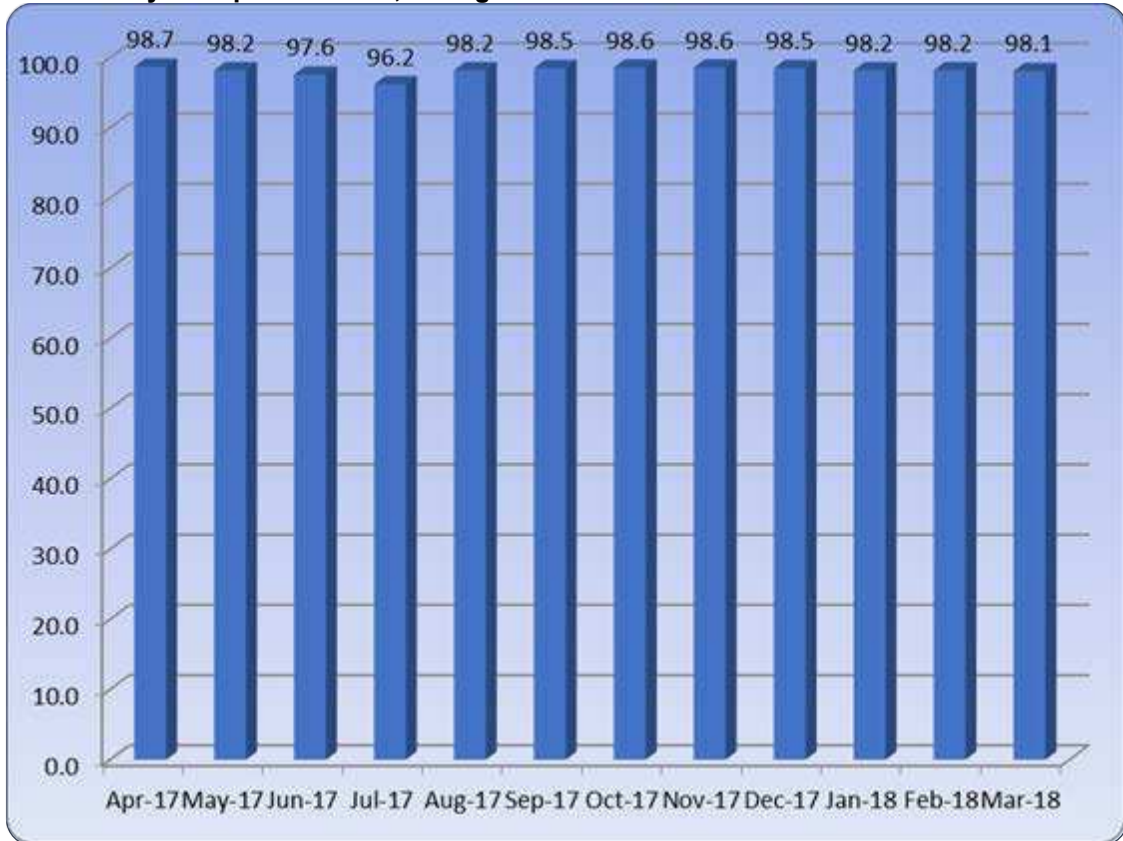
6.4 Cash balances reflect a large number of factors, but over the past 3 years there is a clear reducing trend resulting from unsupported capital expenditure, net use of reserves, and use of capitalisation to fund expenditure traditionally funded from revenue sources.

6.5 The Executive Director of Finance and Commercial Services has actively considered borrowing options throughout the year. As a result, £20m has been borrowed from the PWLB in February 2018, as a 50 year maturity loan at an interest rate of 2.61%. This loan will be applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of 'carrying' debt in the short term. A further £20m has been borrowed in April 2018 and given the reducing levels of projected cash balances and the current historically low interest rates, it is likely that some further borrowing will take place in 2018-19.

7 Payment performance

- 7.1 This chart shows the percentage of invoices that were paid by the authority within 30 days of such invoices being received. Some 420,000 invoices are paid annually. 98.1% were paid on time in March 2018. The percentage has not dropped below 96% throughout 2017-18.

Chart 3: Payment performance, rolling 12 months



*Note: The figures include an allowance for disputes/exclusions.

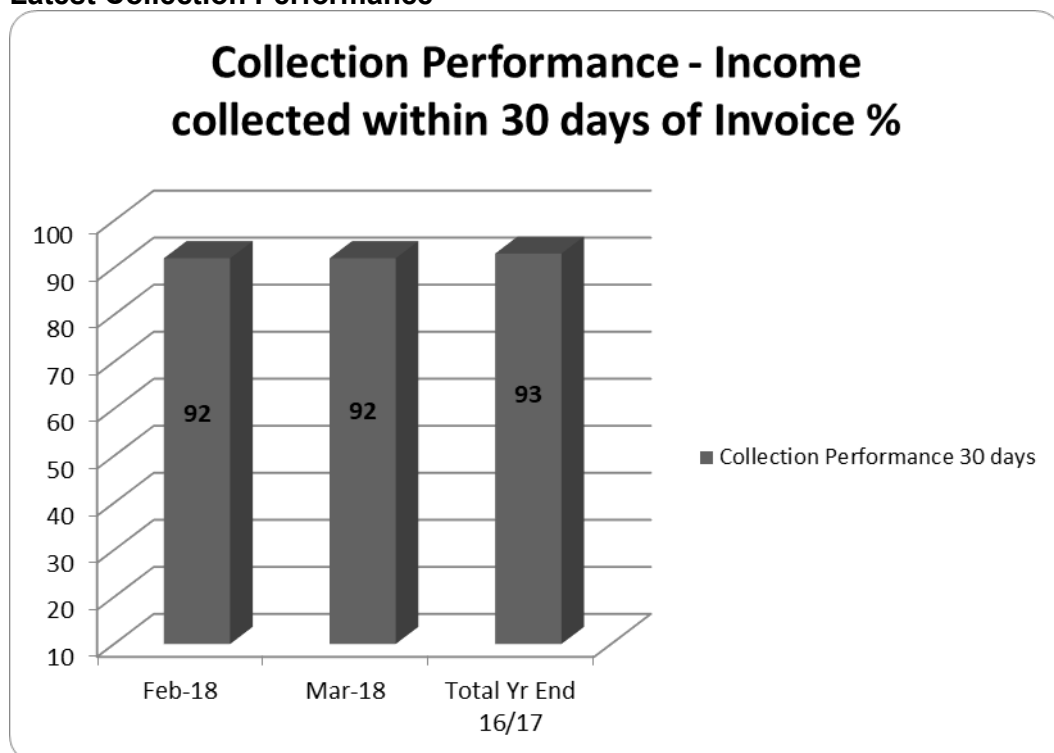
8 Debt recovery

8.1 **Introduction:** Each year the County Council raises over 135,000 invoices for statutory and non-statutory services totalling over £830m. 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 2017-18, 93% of all invoiced income was collected within 30 days of issuing an invoice.

8.2 Debt collection performance measures

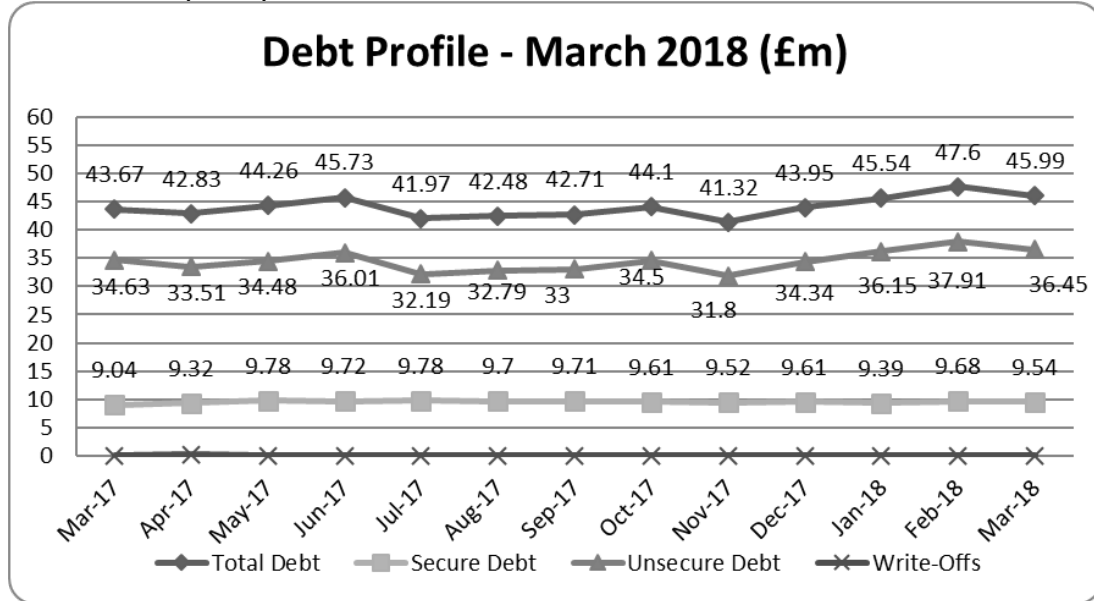
The proportion of invoiced income collected within 30 days for invoices raised in the previous month – measured by value – was 92% in both February and March 2018.

Latest Collection Performance



8.3 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 graph:

Debt Profile (Total)



The overall level of unsecured debt is consistent with previous year's figures. The largest area of unsecured debt relates to charges for social care. Of the £25.3m (31 March 2017 £23.2m) unsecured social care debt at the end of the financial year, £11.4m (31 March 2017 £11.3m) is debt with the CCG's, the majority of which is for shared care, Better Care Pooled Fund, continuing care and free nursing care.

Secured debts amount to £9.5m (31 March 2017 £9.0m) at the end of March 2018. Within this total £3.1m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

- 8.4 **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 and Commercial Services approves the write off of all debts up to £10,000.
- 8.5 Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action.
- 8.6 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 or b) where a service has set up a bad debt provision, use of that provision.
- 8.7 For the year 1 April 2017 to 31 March 2018, 493 (2017-18 689) debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance and Commercial Services. These debts totalled £338,292.20 (2017-18 £0.313m). Four debts over £10,000 have been approved by Policy & Resources Committee. These debts total £95,432.26.

Revenue Annex 1

Revenue outturn

Projected revenue outturn by service

Table A1a: projected revenue over and (under) spends by service

Service	Revised Budget	Net total over / (under) spend	%	Forecast net spend
	£m	£m		
Adult Social Services	272.524	-3.696	-1.4%	268.828
Children's Services	180.787	4.538	2.5%	185.325
Community and Environmental Services	158.488	-0.080	-0.1%	158.408
Managing Director's Department	7.794	-0.031	-0.4%	7.763
Finance and Commercial Services	33.315	-0.108	-0.3%	33.207
Finance General	-294.096	-0.858	0.3%	-294.950
Outturn	358.812	-0.235	-0.1%	358.577
Totals previous report	358.812	1.597	0.45%	360.409

Reconciliation between current and previously reported underspend

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

	£m
Forecast overspend brought forward P10	1.597
Movements February / March 2018	
Adult Social Services	-1.196
Children's Services	-0.445
Community and Environmental Services	0.041
Managing Director's Department	-0.006
Finance and Commercial Services	-0.046
Finance General	-0.180
Outturn over/(under) spend	0.235

Corporate resources spend as a proportion of "front line" net expenditure

Table A1c: Corporate resources spend as a proportion of front line spend

Service	Budget	Outturn
	£m	£m
Total "front line" services	611.799	612.561
Total corporate resources (adjusted)	41.109	40.970
Corporate resources as %age	6.7%	6.7%
Corporate resources as ratio	15	15

For the purposes of this table, corporate resources totals combine Managing Director plus Finance and Commercial Services. "Front line" services are the total of Adult Social Services, Children's Services and Community and Environmental Services.

Revenue Annex 1 continued

The net underspend is a result of a range of underlying forecast over and underspends which are listed below.

Revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Adult Social Services			
Business Development		-0.313	-0.004
Commissioned Services	0.092		0.119
Early Help & Prevention		-0.092	-0.049
Services to Users (net)		-7.573	-1.987
Management, Finance & HR	4.190		0.725
Forecast over / (under) spend	4.282	-7.978	-1.196
		-3.696	

Children's Services	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Spending increases and reductions			
Looked After Children - Agency Fostering	1.804		0.088
Looked After Children - Agency Residential	1.992		0.360
In-house LAC in-house fostering	0.936		0.003
LAC in-house residential	0.091		-0.050
Client costs: Social Care Looked After Children	1.018		0.348
Client costs: Social Care Non Looked After Children	0.486		0.271
Client costs: Leaving Care	0.957		0.422
Staying-put fostering	0.272		-0.001
Adoption Allowances	0.228		-0.008
Fostering and Adoption staff costs	0.120		0.000
Independent reviewing officers	0.285		-0.011
Children with disabilities client costs	0.739		0.019
Advocacy Services	0.088		0.013
Social Care legal costs	0.713		0.320
Front line social work staff	0.488		0.188
School Psychology Service	0.155		-0.059
Home to school / college transport	0.817		0.091
Children's Centres		-0.330	-0.070
Early Help Support		-0.623	-0.363
CWD short term breaks and personal budgets		-0.363	-0.153
Special Guardianship Orders (SGOs)		-0.007	0.035
School / College redundancy / pension costs		-0.574	-0.125
Norfolk Assisted Boarding Partnership		-0.224	-0.224

Joint protocol with Adult Services for parents with disabilities		-0.409	-0.409
Norwich schools PFI scheme		-0.079	-0.079
Early Years training and sustainability		-0.241	-0.241
Early years running costs		-0.265	-0.265
Other education traded income		-0.278	-0.278
Other minor variances		-0.267	-0.267
Maximising the use of grants		-0.400	0.000
Approved use of Children's Services reserves		-2.591	0.000
Dedicated schools grant			
FE post 16 High Needs top up funding	0.626		-0.138
Special Schools places	0.573		-0.136
Special Education non-maintained school placements	5.328		-0.060
Short Stay School for Norfolk	0.909		0.017
Alternative Education provision contracts	2.995		-0.047
Early Years High Needs EHCP plans	0.000		-0.135
Permanent Exclusions Charges	0.125		0.027
Out of county recoupmnt		-0.146	-0.006
School growth contingency		-0.112	0.000
School contingency funds		-0.547	-0.247
School academy conversions		-0.363	-0.363
School staff suspensions		-0.229	-0.029
School staff maternity costs		-0.044	-0.044
School Supply Spec. Circumstances (eg jury service)		-0.094	-0.024
Early Years 2-year-old places		-0.257	-0.257
Early years 3 & 4-year-old places		-3.255	-3.255
DSG (funded through a loan from LMS balances that will need to be repaid in future years)		-5.509	4.697
Forecast over / (under) spend	21.745	-17.207	-0.445
	4.538		

Community and Environmental Services	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Communities Committee			
Community, Information and Learning	0.074		-0.049
Culture and Heritage		-0.015	0.038
Director of Public Health		-0.002	-0.002
Equality and Diversity		-0.004	-0.004
Fire Service	0.075		0.032
Trading Standards		-0.099	-0.099
EDT Committee			
Business Support and development		-0.090	-0.090
Culture and Heritage – Environment		-0.001	-0.001
Highways		-0.153	-0.037
EDT / Business and Property Committee			
Planning and Economy	0.135		0.253

	0.284	-0.364	0.041
		-0.080	

Resources, Finance and Finance General	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics		-0.200	-0.025
Communications	0.035		-0.026
Strategy & Delivery Unit	0.053		-0.108
Human Resources	0.223		0.223
Democratic Services		-0.165	-0.004
Nplaw	0.061		-0.069
MD's Office		-0.057	-0.003
Print recharges	0.019		0.006
Forecast over / (under) spend	0.391	-0.422	-0.006
		-0.031	
Finance and Commercial Services			
Finance (excl Fin Gen)		-0.039	-0.039
Property		-	
Procurement		-0.069	-0.007
IMT		-	
Forecast over / (under) spend		-0.108	-0.046
Finance General (see Revenue Annex 2 for further details)			
Business rates upwards revaluation pressure	0.155		
Council tax discount administration	0.223		
Unbudgeted DCLG grant		-0.130	
Release of NHS pension provision		-0.440	
Adjustment to forecast interest on balances		-0.184	-0.003
Unbudgeted precept income		-0.305	
NEF loan write-off	0.117		0.117
Other adjustments		-0.206	-0.206
Revised RSG government top up grant		-0.088	-0.088
Forecast over / (under) spend	0.495	-1.353	-0.180
		-0.858	

Norfolk County Council

Revenue Annex 2: Policy and Resources budget summary

1 Introduction

The Policy and Resources Committee is responsible for the oversight of the budgets listed in the table below, which also summarises the latest forecast outturn position.

The table below summarises the outturn position as at 31 March 2018.

2017 / 18	Current Budget	Actual	Over / (Under) spend
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics	0.869	0.669	-0.200
Communications	0.763	0.798	0.035
Strategy & Delivery Unit	0.750	0.803	0.053
Human Resources	2.987	3.21	0.223
Democratic Services	2.867	2.702	-0.165
Nplaw	-0.572	-0.511	0.061
MD's Office	0.425	0.368	-0.057
Shared service Contribution	-0.356	-0.356	
Print Service Recharges	0.030	0.049	0.019
End dated cost centres	0.031	0.031	
	7.794	7.763	-0.031
Finance and Commercial Services (note 1)			
Finance	7.238	7.199	-0.039
Procurement	1.226	1.157	-0.069
	8.464	8.356	-0.108
Finance General			
As detailed above			-0.858
Total P&R Committee			-0.997

Note 1: this table excludes Corporate Property budgets (Business and Property Committee) and IMT budgets (Digital Innovation and Efficiency committee)

Note 2: this table may contain rounding differences.

The Managing Director's Department is showing a forecast underspend. The cost of unbudgeted publications, and some delays completing the staff moves needed to create the Strategy & Delivery Unit have been more than offset by vacancy management and other savings.

The Finance General forecast underspend is explained below.

2 Finance General over and underspends

Business rates upwards revaluation pressure (overspend £0.155m)

This overspend relates to net increases in business rates charges for a number of the Council's operational properties.

Council tax discount administration (overspend £0.223m)

The Council has agreed to make a one-off contribution to Norfolk district councils towards the administration costs of changing council tax discounts. This is a "spend to save" initiative the impact of which will be to significantly increase the Council's tax base.

Unbudgeted DCLG grant (underspend £0.130m)

This underspend relates to an unbudgeted DCLG Section 31 grant payment of £0.130m, relating to a reconciliation of the 2016-17 NNDR3 return.

Release of NHS pension provision (underspend £0.440m)

At the start of the year, the Council held a provision of £0.670m for a potential pension liability arising from the transfer of staff to the Norfolk and Waveney Mental Health NHS Foundation Trust. The liability has recently been settled, resulting in a release of a provision to finance general of £0.440m.

Interest on balances (underspend £0.184m)

The 2017-18 interest payable/receivable budget was prepared on the basis of a number of assumptions including cash flows, interest rates and the extent of actual borrowing. Despite falling back deposit interest rates, a small underspend is forecast due to the use of longer deposit periods.

Unbudgeted precept income (underspend £0.305m)

This represents one-off additional precept income from Kings Lynn and West Norfolk Borough Council, not known at the time of budget setting.

NEF loan write-off (overspend £0.117m)

A decision to liquidate Norfolk Energy Futures Limited was approved at the 3 July 2017 P&R Committee. As reported a difference was likely to arise between the outstanding loan between NCC and the company, and the value of the company's assets. The report estimated a 'worst case' scenario in terms of debt write-off being £0.4m but it was anticipated that this would reduce once more detailed work on the way forward for individual schemes had been progressed. The company continued to operate until December 2017, and the actual write was limited to £0.117m.

Other adjustments (underspend £0.206m)

This represents other budget movements and minor variations.

Revised RSG government top up grant (underspend £0.088m)

Additional grant not budgeted at beginning of the financial year

Norfolk County Council

Appendix 2: 2017-18 Capital Finance Monitoring Report

Report by the Executive Director of Finance and Commercial Services

1 Capital Programme 2017-18

- 1.1 On 20 February 2017, the County Council agreed a 2017-18 capital programme of £226.379m with a further £135.509m allocated to future years', giving a total of £361.888m.
- 1.2 Additional re-profiling from 2016-17 after the budget was set increased the overall capital programme at 1 April 2017 to £383.296m, after year end final accounting adjustments.

Table 1: Capital Programme budget

	2017-18 budget	Future years
	£m	£m
New schemes approved February 2017	45.629	15.600
Previously approved schemes brought forward	180.750	119.909
Totals in 2017-20 Budget Book (total £361.888m)	226.379	135.509
Schemes re-profiled after budget setting	9.540	6.666
Other Adjustments, including additional grants and re-allocation of underspends	6.212	-
Year-end statutory accounting adjustment	-1.010	
Revised Capital Programme Opening Position (total £383.296m)	241.121	142.175
Re-profiling since start of year	-65.198	65.198
Other movements	48.475	28.481
Capital programme budgets (existing schemes) (total £460.251m)	224.397	235.854
New 2018-22 capital schemes approved February 2018		
- (funded from borrowing)		72.940
Total future year's programme (excluding approved new highways grant funded schemes)		308.794
- highways grant funded schemes, to be added to programme as grant funding is confirmed		164.447
Total future year's programme including approved new schemes		473.241

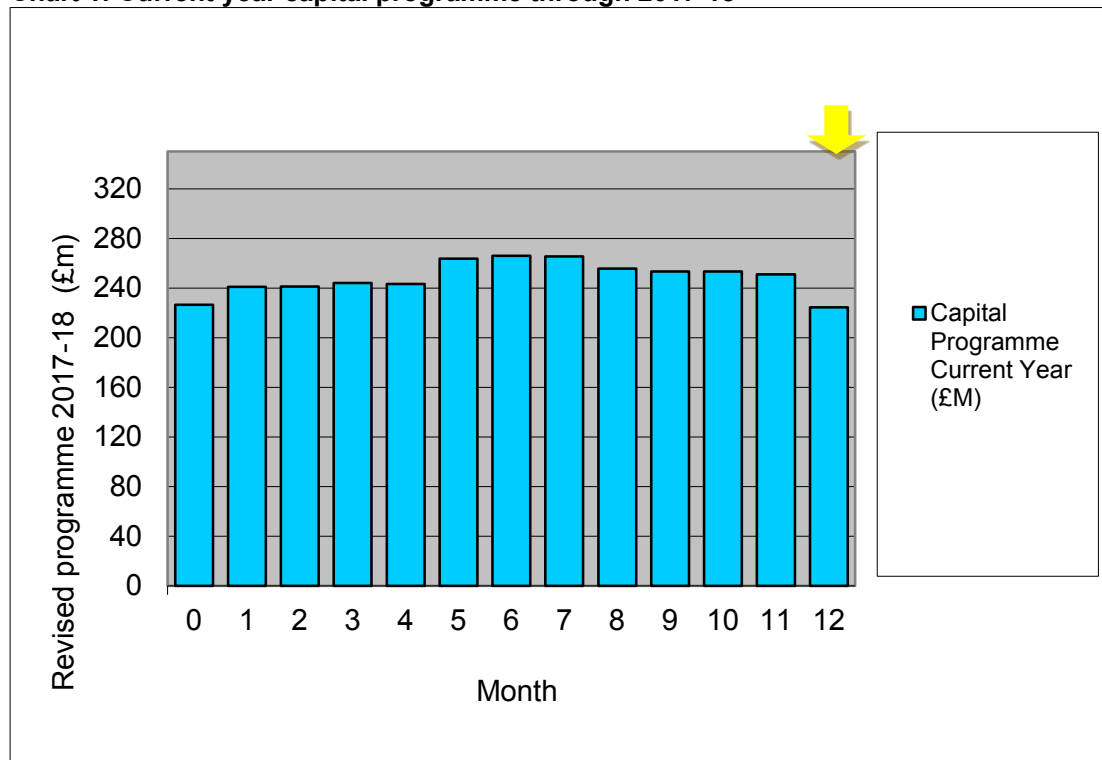
Note: this table and the tables below contain rounding differences

- 1.3 New schemes to be added to the 2018-22 capital programme totalling £237.387m (£72.940m borrowing + £164.447m grant funded) were approved by County Council in February 2018.

Changes to the Capital Programme

- 1.4 The following chart shows changes to the 2017-18 capital programme through the year.

Chart 1: Current year capital programme through 2017-18



- 1.5 Month “0” shows the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2016-17. The arrow shows the latest position.
- 1.6 Further increases in the programme to P6 were the result of the addition of a large number highways projects funded from a variety of external sources including S278 monies and Growth Deal/LEP funding.
- 1.7 Since then some schemes have been re-profiled into the 2018-19 capital programme, as the timing of spend has become clearer.
- 1.8 The current year’s capital budget for each service is set out in the table below:

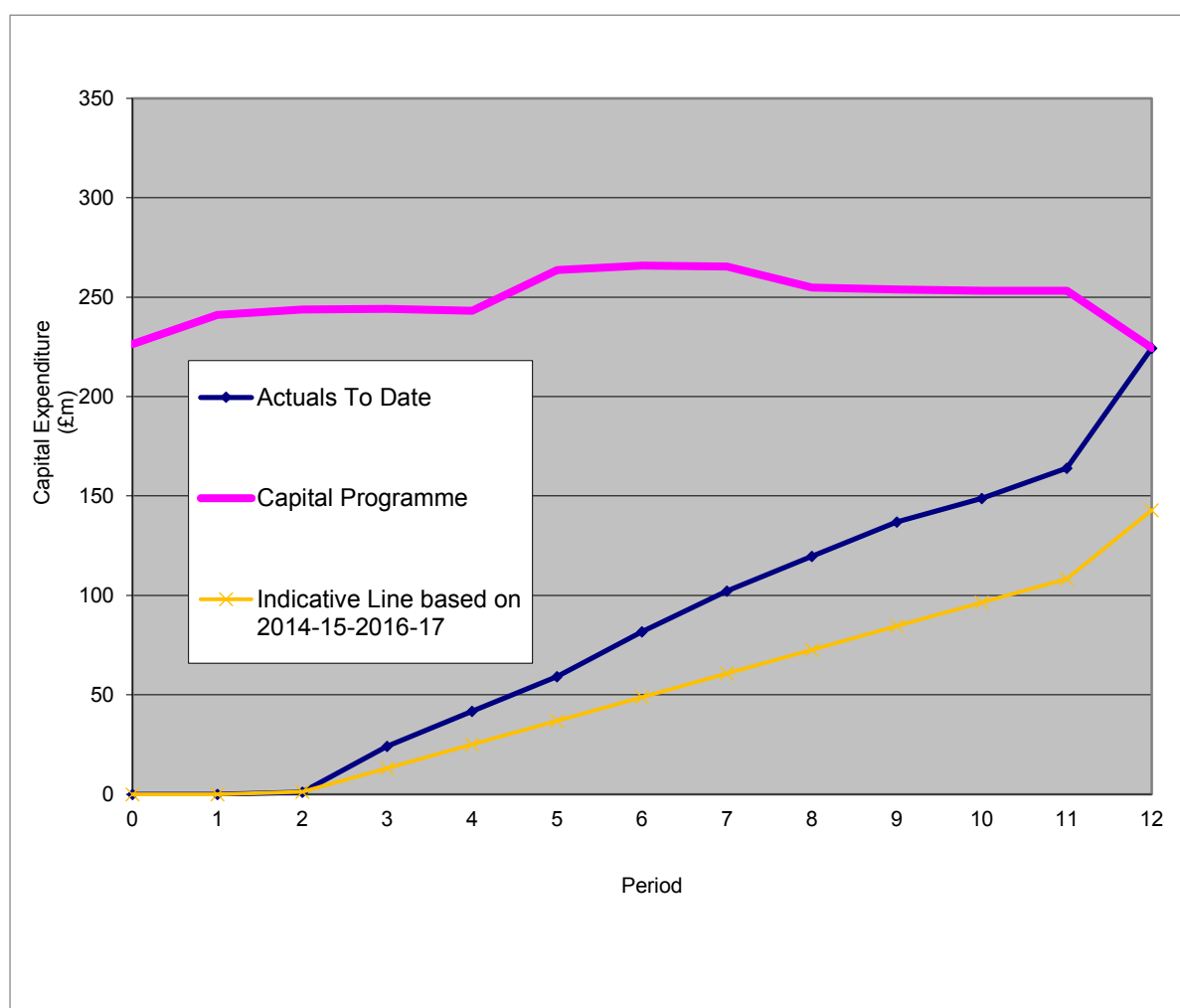
Table 2: Service capital budgets and movements 2017-18

Service	Revised opening programme	Previous period reported budget	Reprofiling since last report	Other Changes since last report	2017-18 Outturn Capital Budget
	£m		£m	£m	£m
Children's Services	66.256	58.446	-7.878	-0.373	50.194
Adult Social Care	12.721	19.151	-8.607	1.916	12.459
Community & Environmental Services	128.811	145.755	-5.797	4.000	143.960
Managing Director's Department	-				
Finance & Comm Servs	33.331	29.940	-13.035	0.882	17.786
Total	241.119	253.292	-35.318	6.424	224.399
				-28.894	

Note 1: this table contains rounding differences

- 1.9 Reprofiling and other changes to schemes are shown in further detail in Capital Annex 1
- 1.10 The trends within the current year's capital programme can be shown as follows.

Chart 1: capital programme trends and progress



- 1.11 The chart shows that actual expenditure (purple line) has significantly exceeded the indicative expected spend (yellow line), which was based on prior years' activity.
- 1.12 Additional external funding allocated to current year highways projects, and the purchase of Bank House Farm increased the programme during periods 5 and 6, after which there has been re-profiling of schemes into future years.
- 1.13 Actual spend in the year to date has been relatively high due to spending on major schools projects over the summer holidays and good progress on the NDR which has resulted in the road being fully open to traffic in April 2018. The rate of spend slowed slightly in recent months as work on the NDR came closer to its conclusion. The significant increase in the final period is the result of accounting accruals for all work completed and undertaken up to 31 March 2018.
- 1.14 Re-profiling towards the end of the year totalled £35.3m, and covered unallocated ASC grants being carried forward, NDR and various and schools project funding moved to reflect likely actual spend, and approved capital loan facilities being moved when it is clear they will not be used in year.
- 1.15 The revised programme for future years (2018-19 to 2020-22) is as follows:

Table 3: Capital programme 2018-21

Service	Previously reported budget (note 2)	Reprofiling since last report	Other Changes since last report	Future capital programme (note 2)	New grant funded highways schemes (note 2)	2018+ Future Capital Budget
	£m	£m	£m		£m	
Children's Services	116.897	7.878	8.413	133.188		133.188
Adult Social Care	12.024	8.607	-0.151	20.480		20.480
Community & Environmental Services	73.780	5.797	0.191	79.768	164.447	244.215
Managing Director's Department	0.000			-		-
Finance & Comm Servs	62.323	13.035	0	75.358		75.358
Total	265.023	35.318	8.453	308.794	164.447	473.241
			43.771			

Note: 1) this table may contain rounding differences
 2) the previously reported budget included new schemes funded from borrowing, but excluded approved grant funded highways schemes which will be added as funding is secured.

- 1.16 To avoid double counting in future reports, the £164.447m of future approved grant funded highways schemes are shown separately. These schemes will be added as and when funding is secured.

2 Examples of major capital schemes completed or largely completed in 2017-18

NDR: The final section of the A1270 Norwich Northern Distributor Road – now named Broadland Northway – was fully opened up to all traffic on 17 April 2018, soon after the financial year end. The final 5.25km section, from the A1151 Wroxham Road to the Postwick Hub and the A47, completed the 19.5km of new dual carriageway around the north and east of Norwich, with two of the three sections becoming operational during 2017-18.

Schools: a significant number of larger schools projects completed during 2017-18, including:

Project	completion	Value
Ashleigh Primary, Wymondham growth to 2FE primary	November 2017	£4.3m
Astley Primary School mobile replacement and expansion	September 2017	£2.8m
Drake Primary, Thetford reorganisation	June 2017	£5.64m
East Harling Primary – improvements to 1FE	December 2017	£1.24m
Northgate Primary, Great Yarmouth growth to 2FE	November 2017	£3m
Rosecroft Primary Attleborough new school building	December 2017	£11m
Thorpe Hillside Primary – replacement dining hall and kitchen	September 2017	£1.36m

County Farms.

As reported to July 2017 P&R Committee, the Council completed the purchase of a 390.79 acre farm at Marshland St James, plus 48.93 acres of associated farmland to enhance the Council's 3000 acre Stow and Marshland Estate. With a number of planned farms disposals, this purchase has provided headroom to ensure the County Farms Estate, does not fall below the stated policy minimum of 16,000 acres.

3 Financing the programme

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

3.2 The table below identifies the funding of the capital programme:

Table 4: Financing of the capital programme

Funding stream	2017-18 Programme	Future Years Forecast
	£m	£m
Prudential Borrowing	46.093	166.191
Use of Capital Receipts	0.000	
Revenue & Reserves	0.500	0.003
Grants and Contributions:		
DfE	43.685	103.179
DfT	63.548	3.637
DoH	7.064	6.721
DCLG	1.193	0.384
DCMS	4.581	4.279
Developer Contributions	6.904	18.443
Other Local Authorities	5.421	3.580
LEP	13.049	
CIL supported borrowing	27.576	
National Lottery	0.055	0.195
Other	4.728	2.179
Total future year's programme (before approved new highways grant funded schemes)		308.791
Highways grant funded schemes, to be added to programme as grant funding is confirmed		164.447
Total	224.397	473.238

Note: this table may contain rounding differences

3.3 As in the section above, to avoid double counting, the £164.447m of grant funded highways schemes approved in the 2018-22 capital programme are shown separately. These will be added to the capital programme budgets as funding is secured, which will increase the "DfT" and developer totals in the table above.

3.4 Significant funding from capital receipts is anticipated over the life of the programme, which as and when realised will be used either to re-pay debt as it falls due, or to reduce the call on future prudential borrowing. For the purposes of the table above, it is assumed that all capital receipts will be

applied directly to the re-payment of debt. Only capital receipts in excess of this will then be used to reduce the Council's future borrowing requirement.

- 3.5 The most significant sources of funding continue to be the major government capital grants for transport and schools, and the authority's prudential borrowing.
- 3.6 Developer contributions are funding held in relation to planning applications. Section 106 (Town and Country Planning Act 1990) contributions are held in relation to specific projects: primarily schools, with smaller amounts for libraries and highways. The majority of highways developer contributions are a result of section 278 agreements (Highways Act 1980).
- 3.7 Contributions from other local authorities relate mainly to projects undertaken with Norfolk districts. CIL supported borrowing relates to the use of funding relating to the NDR.
- 3.8 As stated in Appendix 1, revenue contributions of £1.978m (Adult Social Care) and £1.694m (other services) have been placed in revenue reserves to support the MTFS. To the extent possible grants originally earmarked for other purposes have been used to temporarily fund this expenditure. Members are asked to approve equivalent additional borrowing to fund in-year current and future capital expenditure in respect of the schemes for which the contributions were originally made in accordance with the totals in the following table:

Service	Grants used 17/18 £m	Borrowing used 17/18 £m	Total £m
Adult Social Care	1.978		1.978
Children's Services	0.277	0.039	0.316
Highways		0.119	0.119
Fire	0.778	0.011	0.789
Library	0.213	0.257	0.470
Total	3.246	0.426	3.672

4 Capital Receipts

4.1 The Council's 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 reduce revenue costs of the operational property portfolio.

4.2 The capital programme, approved in February 2017, demonstrated how asset sales can be a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements or (c) used to repay existing borrowing.

4.3 The disposals outturn is:

Table 6: Revised disposal schedule £m

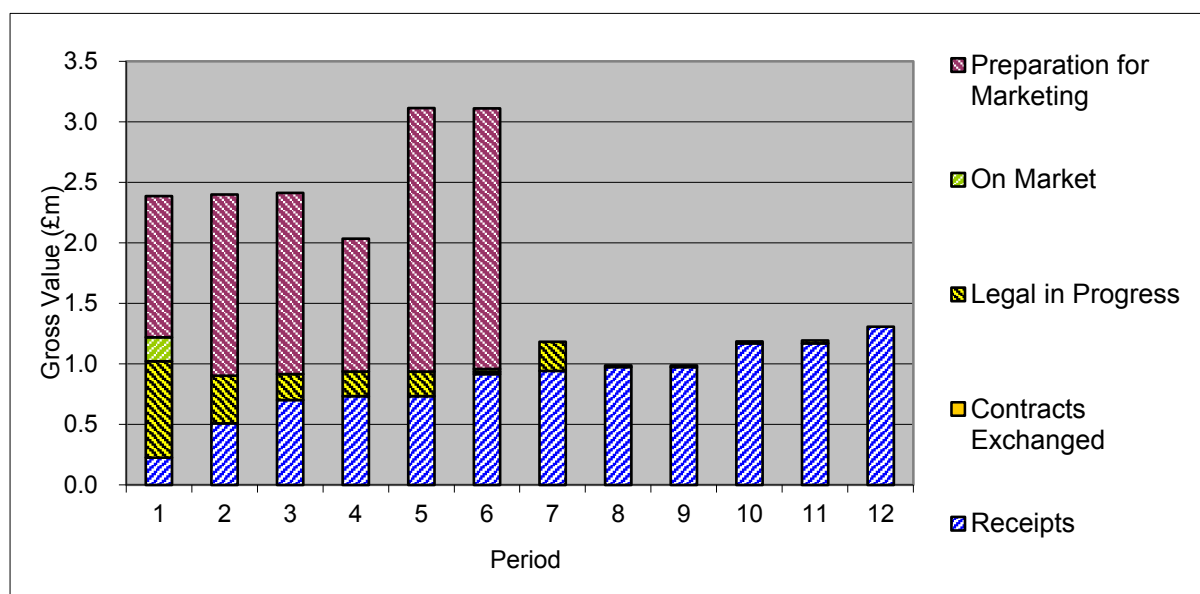
	2017-18 Approved £m	Outturn £m
General Capital Receipts	2.465	1.067
County Farms Capital Receipts	1.075	0.242
Major development sites	5.600	
Estimated Total Capital Receipts	9.140	1.309

4.4 The value of completed sales to date includes plot sales at the Oaks, Harvey Lane site, Drill Hall Aylsham, farm land at Hilgay, land at Horsford Manor, and a small a number of low value properties offered for auction.

4.5 The main reasons for the reduction in receipts compared with the programme is the re-profiling of sales of development land at Hopton and Acle.

4.6 Progress on sales is shown in the following chart

Chart 2: Capital receipts from property sales, forecasts through 2017-18



5 Proposed to wind up the Norfolk Regeneration Company Limited

- 5.1 Norfolk Regeneration Company Limited was incorporated on 23 July 2012, after another Council-owned company with that name was re-named The Great Yarmouth Development Company on 24 May 2012.
- 5.2 The company is wholly owned by Norfolk County Council, and is a company limited by shares. The company has two directors: one elected member and one officer.
- 5.3 The company has remained dormant since its incorporation. There are no assets in the company, and the “brand” has not been used for any projects. There is a small annual time cost associated with company secretarial work and for filing annual accounts.
- 5.4 As a result, it is proposed that Norfolk Regeneration Company Limited should be wound up.

6 Note of potential acquisition of farm land

- 6.1 On 15 May 2018 the Business and Property Committee discussed a report entitled “Acquisition of Farm Land”. The report involved the disclosure of exempt information and details have not been made public.
- 6.2 If an acquisition is made as a result of member decisions, the outcome and impact on the Capital budget will be reported to this Committee.

Capital Annex 1 – (see next page)

Changes to capital programme since last P&R report			17-18	17-18	18-19+	18-19+	
Service	Project	Funding Type	Change (£m)	REPROFILE	Change (£m)	REPROFILE	Reason
Adult Social Care							
SC8073	Social Care IT Infrastructure Grant	Internal	0.075				Additional grant
SC5221	Supported Living	External	-	0.015		0.015	Reprofile unspent grant to 18/19
SC8120	Social Care Grant	Borrowing & Capital receipts	-	0.114		0.114	Reprofile unspent monies to 18/19
		External	-	3.941		3.941	Reprofile unspent grant to 18/19
		Internal	-	0.090		0.090	Reprofile unspent monies to 18/19
SC8139	Winterbourne Project	External	-	0.050		0.050	Reprofile unspent grant to 18/19
SC8146	Elm Road	External	-	1.284		1.284	Reprofile unspent grant to 18/19
	Various	External	-	1.587		1.587	Reprofiling unspent grant money to 18/19
	Various	Borrowing & Capital receipts	-	1.527		1.527	Reprofiling unspent funds to 18/19
SC8153	ICES	External	1.840		-	0.151	Additional ICES grant
Total Adult Social Care			1.916	- 8.607	- 0.151	8.607	
Children's Services							
	A1 - Major Growth	External	-	2.114		2.114	Sprowston New Primary and North Lynn both not due to be on site until 18/19 at earliest
	A2 - Master planning	External	-	0.765		0.765	Costessey Inf and Jun - funds moved to cover outstanding fees and defects period
	A3 - Area Growth & Reorganisation	External	-	1.989		1.989	Wyndham Secondary Expansion due to start in 19/20 with some funds direct to school in 18/19
	A4 - Minor Adjustments	External		0.100	-	0.100	Completed projects reprofiled to cover defects period - Falcon Junior reprofiled as per latest cost information
	B1 - SEN	External		0.188	-	0.188	Funds moved back to cover exp on Chapel Road
	B2 - Additional Needs	Borrowing & Capital Receipts	-	1.171		1.171	Fen Rivers delays due to mechanical and electrical issues / Delays in planning on Hooper Lane
	B4 - Early Years	Borrowing & Capital Receipts	-	0.495		0.495	Issues with spec at Sewell Park, some funds to go direct to Aylsham Federation in 18/19
	C1,2,& 3 Condition	External	-	0.114	6.713	0.114	Smithdon high project not starting until 18/19, Temp classrooms unused funds reallocated. Astley Primary reprofiled to cover defects period.
	Various reprofiling for year end		-	0.802		0.802	Various projects unspent funds reprofiled
	D - other	External	-	0.716	1.549	0.716	S106 income received march /april
	D - Other Schools	External	-	0.373	0.151		Refunds to schools converting to academy
Total Children's services			-0.373	-7.878	8.413	7.878	

Library	Library S106 Projects	External	0.501	-0.297	-0.212	0.297	Project funding reprofiled for use in 18/19
Library	Library S106 Projects	External					New S106 funding for Tharston & WYM new projects
Museums	Castle Keep	External	0.433	-0.296		0.296	Reprofile unspent funds to 18/19
Museums	GFW pathway	Borrowing & Capital Receipts	0.002			0.000	Additional funding
Museums	Voices	External		-0.130		0.130	Reprofile unspent funds to 18/19
Museums	Castle & strangers lighting	Borrowing & Capital Receipts		-0.022		0.022	Reprofile unspent funds to 18/19
Highways		External	-4.832				Year and re-allocation of funding
Highways		Internal	-2.769				to match actual
Highways		Borrowing & Capital Receipts	11.294	-3.807	0.415	3.807	expenditure
EC Development	SEP/Nora	Borrowing & Capital Receipts		-0.312		0.312	reprofiling sep
EDT - other	Saddlebow van park	External		-1.475		1.475	Reprofiling unspent funds
Transport	Clean bus	External		-0.037		0.037	Reprofiling unspent funds
Transport	Smart ticketing	External	0.100				Budget for Smart Ticketing project
Better Broadband	Better broadband	External		0.297		-0.297	Reprofile to cover exp in 17/18
Fire	Additional entries period 13		-0.728	0.677	-0.011	-0.677	Removal of sif funding 17/18. Reprofiling to cover in year expenditure
Fire	Fire alarms and monitoring Fire premises	Borrowing & Capital receipts		-0.099		0.099	Remaining costs early 18/19
Fire	Fire Control move - ICT systems	Borrowing & Capital receipts		0.023		-0.023	Moved back to fund generator in Kings Lynn
Fire	Aerial Ladder Platform N Earham FS	Borrowing & Capital receipts		-0.210		0.210	No further costs in year
Fire	Portable Generators	External		-0.100		0.100	Delay in ALP sale by Essex
Fire	Forward Command system and vehicles	External		-0.011		0.011	Balance unspent moved to 18/19
Fire	ICT Equipment	Borrowing & Capital Receipts					Budget reduced as spent in prior years
Total CES			4.000	-5.797	0.191	5.797	
Finance - ICT	Copprorate System upgrade	Borrowing & Capital receipts	0.106	-0.927		0.927	Additional budget for Financial System upgrades
Offices	ASBESTOS SURVEY & REMOVAL	Borrowing & Capital receipts		-0.715		0.715	Reprofiled to finance exp in 18/19
Offices	SPACE 2019	Borrowing & Capital Receipts		0.250		-0.250	Moved back to cover in year expenditure
Offices		Borrowing & Capital Receipts	0.023	-1.599		1.599	Moving unspent funds to 18/19
Offices - County Hall		Borrowing & Capital Receipts		0.001		-0.001	Reprofiling to cover exp on Nth Wing Car park
Minor works	Time and Tide	Borrowing & Capital Receipts	0.002	-0.120		0.120	new funding for Time & tide and reprofiling
County Farms		Borrowing & Capital Receipts	0.751	-0.304		0.304	Reprofiling unspent funds to 18/19
GNGB				-4.620		4.620	Reprofiling balance
Capital loans facility				-5.000		5.000	Reprofiling balance
Total Finance			0.882	-13.035	0.000	13.035	
Total			6.424	-35.318	8.453	35.318	

Policy and Resources Committee

Item No 8

Report title:	Delivering Financial Savings 2017-18 – final outturn position
Date of meeting:	4 June 2018
Responsible Chief Officer:	Simon George – Executive Director of Finance and Commercial Services
Strategic impact	
This report to Policy and Resources Committee provides details of the outturn position in respect of the delivery of the 2017-18 savings agreed by the County Council at its meeting 20 February 2017.	

Executive summary

County Council agreed savings of £47.774m for the year as part of the 2017-18 budget setting process. This report provides details of the outturn position in delivering these savings, in respect of 2017-18.

The report comments on the exceptions to successful delivery, in particular those items rated RED.

Members are recommended to consider:

- a) the total shortfall of £4.872m in 2017-18, which amounts to 10% of total savings. This represents a £0.389m improvement from the position reported for period 10, due to increased savings delivery in Adults;
- b) the budgeted value of 2017-18 savings projects rated as RED of £7.553m, of which £2.894m have been delivered;
- c) the budgeted value of 2017-18 savings projects rated as AMBER of £1.214m, of which £0.881m have been delivered;
- d) the over delivery on GREEN and BLUE rated projects of £0.120m; and
- e) the total removal of savings of £7.174m 2018-19 savings and £0.100m 2019-20 savings reflecting delay and removal of savings as approved in 2018-22 budget setting by County Council on 12 February 2018.

1. Savings overview

1.1. The County Council, as part of setting its budget for 2017-18, agreed net savings of £47.774m, which include one-off use of reserves relating to savings plans totalling £7.663m as set out in Appendix 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 Appendix 1.

2. RAG ratings

2.1. The definition of RAG rating levels used during the year is set out in the table below.

Table 1: RAG ratings

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 (100% forecast)
Blue	Saving already delivered and reversal of previous year savings

2.2. This report starts with the overall RAG position, as set out at Table 2. The information in the report is derived from the detail at Appendix 3 which is informed by monitoring reports to Service Committees. The decision to rate a project as RED is based on the criteria shown above. This ensures that a common standard is maintained in the monitoring for Policy and Resources Committee.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 2 and Appendix 3 have been applied.

Table 2: 2017-18 savings by RAG status

RAG Status	Budgeted value of savings 2017-18 (a)	Previous forecast savings 2017-18 (Period 10) (b)	Savings Outturn 2017-18 (c)	Change in savings position (b)-(c)	Savings shortfall 2017-18 (a)-(c)
	£m	£m	£m	£m	£m
Red	-7.553	-2.725	-2.894	0.169	-4.659
Amber	-1.214	-0.656	-0.881	0.225	-0.333
Green	0.000	-23.181	0.000	-23.181	0.000
Blue	-39.007	-15.951	-39.127	23.176	0.120
Total	-47.774	-42.513	-42.902	0.389	-4.872

2.4. Seven savings projects have been rated as RED, representing a budgeted total savings value of £7.553m. £2.894m of these savings have been delivered as set out in Table 2. This represents a shortfall of £4.659m (9.8% of total budgeted savings), which relates to RED rated projects.

2.5. Two savings projects have been rated as AMBER, representing a budgeted total savings value of £1.214m. £0.881m of these savings have been delivered. This represents a shortfall of £0.333m (0.7% of total budgeted savings), which relates to AMBER rated projects.

2.6. The shortfall in RED and AMBER rated projects has been offset slightly with the £0.120m over-delivery of one Adults saving. This results in a **total shortfall of £4.872m** at year end.

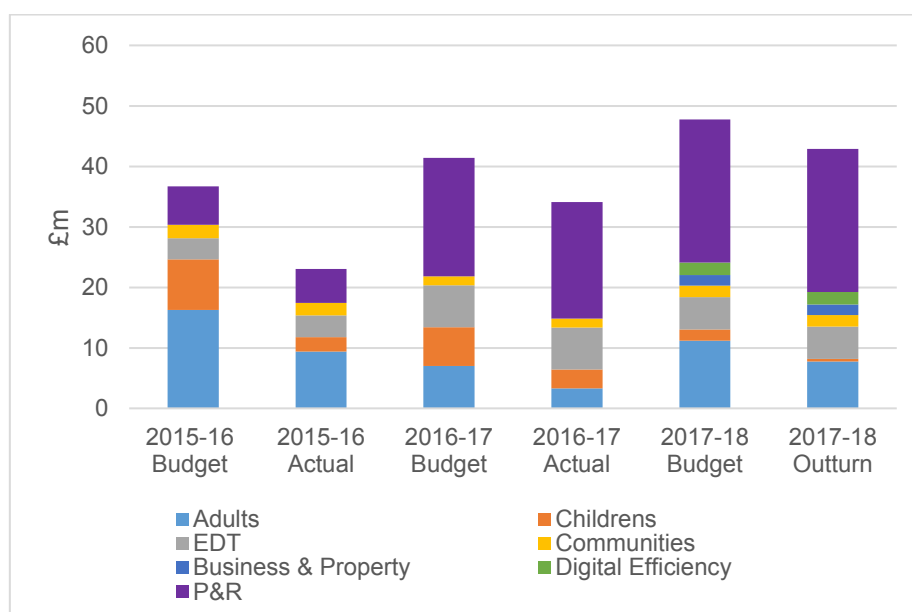
Table 3: Committee analysis of 2017-18 savings by RAG status

Note: This report reflects the savings attributable to the Business and Property, and Digital Innovation and Efficiency Committees, established during the year, as shown below.

Savings Outturn 2017-18 analysed by Committee								
RAG status	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Red	-2.481	-0.413	0.000	0.000	0.000	0.000	0.000	-2.894
Amber	-0.881	0.000	0.000	0.000	0.000	0.000	0.000	-0.881
Green	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Blue	-4.366	-0.054	-5.340	-1.906	-1.710	-2.105	-23.646	-39.127
Total	-7.728	-0.467	-5.340	-1.906	-1.710	-2.105	-23.646	-42.902
Savings (shortfall) / over delivery	-3.485	-1.387	0.000	0.000	0.000	0.000	0.000	-4.872
Total	-11.213	-1.854	-5.340	-1.906	-1.710	-2.105	-23.646	-47.774

2.7. The graph below shows the delivery of savings against budget by Committee, with comparative data for 2015-16 and 2016-17.

Figure 1: Savings targets – by Committee



2.8. Table 5 below sets out the categorisation of 2017-18 savings at year end based on the updated RAG rating assessment and the outturn variance position.

2.9. The 2017-18 budget report elsewhere on this agenda sets out details of the overall outturn position for the year. Actions have been required within Service budgets including seeking offsetting savings where required to mitigate any non-delivery of savings in this report. The non-delivery of savings in previous years, and a detailed review of the deliverability of planned savings, was taken into account during the preparation of the 2017-18 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2017-18 Budget report to County Council. A similar exercise was undertaken as part of the preparation of the 2018-19 Budget as set out more fully in section 7 of this report. There remains a need for both Service Committees and Executive Directors to maintain the focus on the effective delivery of both the previous years' agreed savings and future planned savings. Achievement of the planned savings helps to minimise risks to the Council's overall financial position and supports the delivery of the 2018-19 Budget.

2.10. Wider actions that have been taken within each Committee to deliver savings were reported to Policy and Resources Committee through the year.

3. Delivery of savings

3.1. Savings have been categorised in the 2017-18 budget process under the definitions shown in the table below. Planned savings for 2017-18 have also

been analysed to provide the split between back office savings and those with an impact on front line services.

Table 4: Definition of saving categories 2017-18

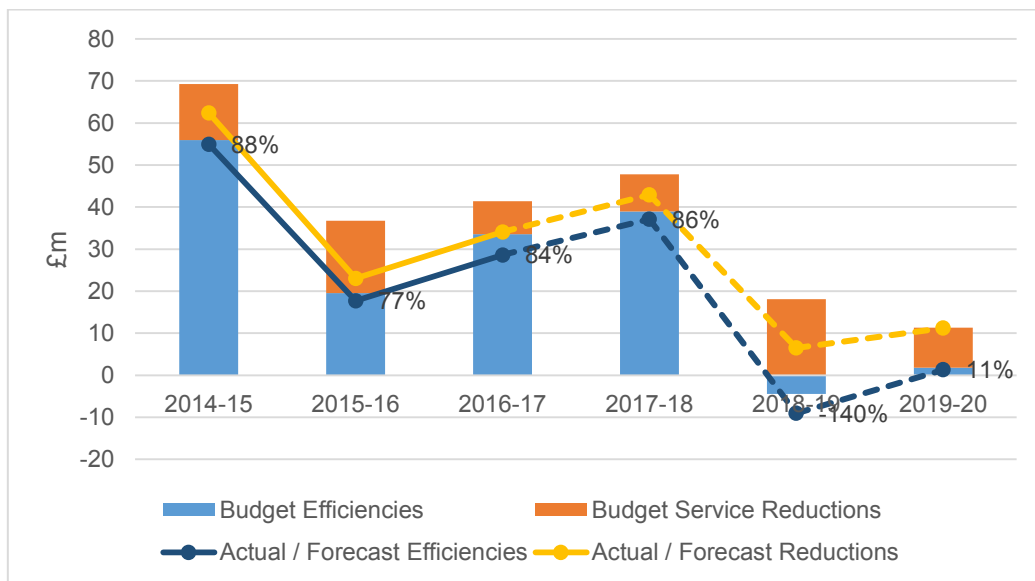
	Definition	Description
A.	Cutting costs through efficiencies	Savings which arise from reducing costs by delivering the same or more with less resources, including: <ul style="list-style-type: none"> • changes in staffing; • changes in systems; and • developing improved and more cost effective ways of working.
B.	Better value for money through procurement and contract management	Savings delivered through procuring more cost effective agreements with suppliers, and ensuring that existing contracts are managed to deliver maximum value for money.
C.	Service Redesign: Early help and prevention, working locally	Savings achieved by developing new and better ways of working including sharing services with partner organisations, working with voluntary groups, early intervention to reduce costs elsewhere in the system, and working on a locality basis.
D.	Raising Revenue; commercial activities	Savings from generating additional revenue from existing processes and operating in a more business like way, including through income generation, reducing borrowing costs, and maximising the return on our investments.
E.	Maximising property and other assets	Savings delivered through rationalising property, and ensuring we make best use of our assets in the most efficient way.
i.	Back-office	Efficiency savings
ii.	Front-line	Reducing service standards
iii.	Front-line	Ceasing a service
iv.	Front-line	Providing statutory services differently

Table 5: Delivery of savings by categorisation (as agreed at County Council February 2017)

Categorisation of saving	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
A) Cutting costs through efficiencies	-32.497	11.793	0.055	-20.650
(i) Efficiency savings	-32.215	12.180	0.290	-19.746
(ii) Reducing service standards	-0.282	-0.387	-0.235	-0.904
B) Better value for money through procurement and contract management	-0.888	-0.245	0.000	-1.133
(i) Efficiency savings	-0.888	-0.245	0.000	-1.133
C) Service Redesign: Early help and prevention, working locally	-5.125	-16.111	-10.200	-31.436
(i) Efficiency savings	0.379	-0.950	-0.500	-1.071
(ii) Reducing service standards	-1.170	-4.899	-1.000	-7.069
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	-10.262	-8.700	-22.946
D) Raising Revenue; commercial activities	-2.629	-1.611	0.000	-4.240
(i) Efficiency savings	-2.619	-1.611	0.000	-4.230
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	-1.763	-0.310	-1.059	-3.132
(i) Efficiency savings	-1.763	-0.310	-1.059	-3.132
(Shortfall) / over delivery	-4.872	-7.174	-0.100	-12.146
Total	-47.774	-13.659	-11.304	-72.737
(i) Efficiency savings	-37.106	9.063	-1.269	-29.312
(ii) Reducing service standards	-1.462	-5.286	-1.235	-7.983
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	-10.262	-8.700	-22.946
(Shortfall) / over delivery	-4.872	-7.174	-0.100	-12.146
Total	-47.774	-13.659	-11.304	-72.737

3.2. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2014-15. In 2017-18, 81% of savings are budgeted to be achieved through efficiencies.

Figure 2: Savings – support services compared to front line



3.3. The breakdown of savings by Committee for 2017-18, is shown in Table 6 below. The position for all three years is set out at Appendix 2. The position shown in Appendix 2 reflects risks to previously agreed future year savings identified as part of 2018-19 budget planning work which have as a result been removed in budget planning as set out in 2018-19 Budget reports to February County Council.

Table 6: Savings by Committee and categorisation 2017-18

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2017-18								
A) Cutting costs through efficiencies	-2.559	-0.230	-4.222	-1.493	-0.020	-1.063	-22.910	-32.497
(i) Efficiency savings	-2.559	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	-32.215
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	-0.282
B) Better value for money through procurement and contract management	-0.035	-0.238	-0.080	0.000	0.000	-0.500	-0.035	-0.888
(i) Efficiency savings	-0.035	-0.238	-0.080	0.000	0.000	-0.500	-0.035	-0.888
C) Service Redesign: Early help and prevention, working locally	-3.834	0.101	-1.038	-0.354	0.000	0.000	0.000	-5.125
(i) Efficiency savings	-0.250	1.867	-1.038	-0.200	0.000	0.000	0.000	0.379
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	-1.170
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	0.000	0.000	0.000	0.000	0.000	0.000	-3.984
D) Raising Revenue; commercial activities	-1.300	-0.100	0.000	0.031	-0.260	-0.299	-0.701	-2.629
(i) Efficiency savings	-1.300	-0.100	0.000	0.031	-0.250	-0.299	-0.701	-2.619
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	-1.763
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	-1.763
Outturn (shortfall) / over delivery	-3.485	-1.387	0.000	0.000	0.000	0.000	0.000	-4.872
Total	-11.213	-1.854	-5.340	-1.906	-1.710	-2.105	-23.646	-47.774
(i) Efficiency savings	-4.144	1.299	-5.240	-1.570	-1.700	-2.105	-23.646	-37.106
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	-1.462
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	0.000	0.000	0.000	0.000	0.000	0.000	-3.984
Outturn (shortfall) / over delivery	-3.485	-1.387	0.000	0.000	0.000	0.000	0.000	-4.872
Total	-11.213	-1.854	-5.340	-1.906	-1.710	-2.105	-23.646	-47.774

4. Commentary on savings rated RED

4.1. Seven savings have been rated as RED in respect of 2017-18, representing a savings shortfall of £4.659m within RED rated projects. Commentary on the RED rated savings is provided below.

Adults

- ASC024 Home care commissioning – an improved framework for procuring home care services in Norfolk – shortfall £0.183m: A new framework is in place for the Northern, Central and Southern areas and work is being finalised regarding fee structures. The framework is expected to improve stability in this market but is not forecast to achieve immediate savings. The new framework encourages provider collaboration to improve efficiency of home support rounds, which will improve the financial sustainability and support more cost effective commissioning of wider services, however it is expected that this will not result in savings in the short term.
- ASC006 Promoting Independence – Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting – shortfall £2.399m: This shortfall is based on evidence of the actual impact from reviews completed earlier in the year. However, this is a difficult saving to accurately evidence and savings could still have been achieved through other demand management interventions that will enable savings to be achieved across the workstream. Additional social workers have been recruited and the Living Well programme has been launched, which will support approaches that will deliver increased independence for individuals. The service had also targeted a reduction in its usage of planning beds, but the decommissioning of these services has been delayed due to the requirement to source alternative capacity to ensure no detrimental impact on hospital discharge.
- ASC013 Radical review of daycare services – shortfall £0.600m: The service is working closely with Independence Matters to reshape the contract and service model to enable long term savings to be delivered, however, part of the savings will require reduction in demand for day services and alternative approaches.
- ASC020 Remodel contracts for support to mental health recovery – shortfall £0.090m: Service redesign has taken place and the remainder of the savings will be delivered in 2018-19.

- 4.2. Adults have been able to mitigate shortfalls in the planned budgeted savings by generating new savings opportunities. The Adult Social Care Committee have therefore declared a full delivery of 2017-18 savings. The additional savings include; early achievement of 2018-19 transport savings (£0.700m), increased service user income (£0.846m) and share of costs of delivering on-going joint formal care services with the NHS (£2.079m). These new savings coupled with reductions in salary costs through delays in recruitment and lower home support costs than previously forecast through improved information availability have resulted in an Adults outturn monitoring underspend of £3.696m for 2017-18.
- 4.3. It should be noted that the presentation of Adults savings reported to the Adult Social Care Committee has been revised to reflect a new analysis of the savings as described in Appendix D of the Adult Social Care Finance Monitoring Report. Monitoring to Policy and Resources Committee continues to reflect the savings as agreed by Full Council in February 2017 as set out in Appendix 3 to this report. The total value and shortfall in savings is consistent across both Committee papers.

Children's

- CHL039 Refocus Education Service in light of Education White Paper – shortfall £0.837m: Delivery of savings from changes in the Education Service were delayed due to the extended general election period. A one-off means of funding this saving in 2017-18 has been identified and was reported to Policy and Resources Committee in November.
- CHL027 Increase 'Troubled Families' income – shortfall £0.500m: The Troubled Families grant from Government is forecast to be lower than originally expected. A one-off means of funding this saving in 2017-18 has been identified and was reported to Policy and Resources Committee in November. A pressure in relation to the reduced grant income was recognised in budget planning for 2018-19.
- CHL028 Education Psychology Service traded income – shortfall £0.050m: The service has not achieved its increased income target in 2017-18, due to financial pressures within school individual budgets to pay for psychological services and the impact of local authority schools converting to academies.

5. Commentary on savings rated AMBER

5.1. Two savings have been rated as AMBER in respect of 2017-18, representing a savings shortfall of £0.333m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

Adults

- ASC026 Review of various commissioning arrangements to identify more cost effective ways of providing services – shortfall £0.316m: Planned reduction and decommissioning of some contracts has not been achieved. This has been mitigated through revised usage of contracts to improve value for money.
- ASC023 A consistent approach to specific laundry needs – shortfall £0.017m: Service contracts in the East and West of the county were decommissioned but the need has not been mitigated in the Norwich area.

6. Commentary on overachieved savings

6.1. Within Adult Social Care additional savings of £0.120m over the budgeted level have been realised in relation to saving ASC029, which relates to aligning charging policy to more closely reflect actual disability related expenditure incurred by service users.

7. 2018-19 and 2019-20 savings

7.1. Budget setting in 2017-18 saw the approval of £13.659m savings for 2018-19 and £11.304m savings for 2019-20. The deliverability of these was reviewed as part of the 2018-19 budget process with the result that budget planning work identified risks totalling **£7.174m for 2018-19** and **£0.100m for 2019-20**.

The following savings were therefore either reversed or delayed in budget planning, as set out in the Budget report approved by County Council, and are reflected as shortfalls against the original planned 2017-18 to 2019-20 savings programme in Appendix 2 of this report. These changes are intended to ensure a deliverable savings programme for 2018-19 **so that these forecast shortfalls will not arise**.

- ASC021 (£0.250m 2018-19) – **removal** of saving relating to recommissioning of information advice and advocacy services.
- ASC003 & COM040 (£2.300m shortfall 2018-19, £0.200m additional 2019-20 savings) – **removal and delay** of Adults Transport savings. Adults Committee agreed to amend the transport savings figures over the

next two years, alternative savings have been identified in the 2018-19 budget to meet the difference.

- ASC024 (£0.549m 2018-19) - **removal** of Home care commissioning saving, alternative savings have been identified in the 2018-19 budget to meet the difference.
- CHL017 (£0.450m 2018-19 and £0.535m 2019-20) **removal** of saving relating to reducing the number of social workers we use who work for employment agencies.
- EDT032 – (£1.850m 2018-19) **delay** of saving relating to a new waste strategy focussed on waste reduction and minimisation which is considered no longer achievable in 2018-19 and has been delayed in the 2018-19 budget until 2021-22.
- CMM022 – (£0.235m 2018-19) **delay** of saving related to the library service to 2019-20. The original self-service saving is now expected to be delivered through a range of different savings within the library service. These have been reported to Communities Committee and agreed as part of the 2018-19 budget process.
- P&R027, P&R058 and P&R060 (£1.300m 2018-19) – **delay** of property savings no longer considered achievable in 2018-19. Half of these savings have been delayed until 2020-21 and half to 2021-22 in the approved budget.
- P&R050, P&R063 and P&R064 (£0.362m 2018-19) – **removal** of savings following realignment of budgets to reflect new departmental structures and revised plans for savings delivery.
- P&R066 (-£0.122m 2018-19) – **additional** saving relating to revised second homes estimates.

8. Summary

8.1. The outturn savings position for planned savings shows 2017-18 shortfalls of £1.387m and £3.485m within Children's Services and Adult Social Care Committee budgets. However, Adults have been able to mitigate shortfalls in the planned budgeted savings by generating alternative savings opportunities. The Adult Social Care Committee have therefore declared full delivery of 2017-18 savings. Service Committees continuing to maintain a strong focus on the delivery of savings will be critical to supporting the achievement of the Council's budget plans for future years.

8.2. The removal of previously planned savings agreed during the 2018-19 budget process will ensure that the shortfalls identified in section 7 above do not ultimately arise in future years.

Background Papers

Norfolk County Council Revenue and Capital Budget 2017-20 (Item 4, County Council 20 February 2017)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx>

Norfolk County Council Revenue and Capital Budget 2018-22 (Item 4, County Council 12 February 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/592/Committee/2/SelectedTab/Documents/Default.aspx>

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APPENDIX 1

One-off amounts relating to reserves are included within the total agreed savings set out in the Categorisation of Savings table below, as shown below.

One-off savings in the 2017-18 budget round

	2017-18	2018-19
	£m	£m
Insurance Fund (P&R076)	-1.350	1.350
Use of reserves to be identified (P&R081) (see revenue monitoring report elsewhere on agenda)	-5.813	5.813
Better Broadband Reserve (EDT048)	-0.500	0.500
Total use of reserves and one-off items relating to savings plans 2017-18	-7.663	7.663

Categorisation of Budget Savings 2017-20 budget round

Categorisation of saving	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
A) Cutting costs through efficiencies	-32.813	8.967	-0.245	-24.091
(i) Efficiency savings	-32.531	9.589	-0.245	-23.187
(ii) Reducing service standards	-0.282	-0.622	0.000	-0.904
B) Better value for money through procurement and contract management	-1.161	-1.044	0.000	-2.205
(i) Efficiency savings	-1.161	-1.044	0.000	-2.205
C) Service Redesign: Early help and prevention, working locally	-8.978	-18.411	-10.000	-37.389
(i) Efficiency savings	-0.458	-0.950	-0.500	-1.908
(ii) Reducing service standards	-1.170	-7.199	-0.800	-9.169
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
D) Raising Revenue; commercial activities	-3.059	-1.561	0.000	-4.620
(i) Efficiency savings	-3.049	-1.561	0.000	-4.610
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	-1.763	-1.610	-1.059	-4.432
(i) Efficiency savings	-1.763	-1.610	-1.059	-4.432
Total	-47.774	-13.659	-11.304	-72.737
(i) Efficiency savings	-38.962	4.424	-1.804	-36.342
(ii) Reducing service standards	-1.462	-7.821	-0.800	-10.083
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
Total	-47.774	-13.659	-11.304	-72.737

APPENDIX 2

Forecast savings by Committee and categorisation 2017-20 budget round

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2017-18								
A) Cutting costs through efficiencies	-2.559	-0.230	-4.222	-1.493	-0.020	-1.063	-22.910	-32.497
(i) Efficiency savings	-2.559	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	-32.215
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	-0.282
B) Better value for money through procurement and contract management	-0.035	-0.238	-0.080	0.000	0.000	-0.500	-0.035	-0.888
(i) Efficiency savings	-0.035	-0.238	-0.080	0.000	0.000	-0.500	-0.035	-0.888
C) Service Redesign: Early help and prevention, working locally	-3.834	0.101	-1.038	-0.354	0.000	0.000	0.000	-5.125
(i) Efficiency savings	-0.250	1.867	-1.038	-0.200	0.000	0.000	0.000	0.379
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	-1.170
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	0.000	0.000	0.000	0.000	0.000	0.000	-3.984
D) Raising Revenue; commercial activities	-1.300	-0.100	0.000	0.031	-0.260	-0.299	-0.701	-2.629
(i) Efficiency savings	-1.300	-0.100	0.000	0.031	-0.250	-0.299	-0.701	-2.619
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	-1.763
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	-1.763
Outturn (shortfall) / over delivery	-3.485	-1.387	0.000	0.000	0.000	0.000	0.000	-4.872
Total	-11.213	-1.854	-5.340	-1.906	-1.710	-2.105	-23.646	-47.774
(i) Efficiency savings	-4.144	1.299	-5.240	-1.570	-1.700	-2.105	-23.646	-37.106
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	-1.462
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.984	0.000	0.000	0.000	0.000	0.000	0.000	-3.984
Outturn (shortfall) / over delivery	-3.485	-1.387	0.000	0.000	0.000	0.000	0.000	-4.872
Total	-11.213	-1.854	-5.340	-1.906	-1.710	-2.105	-23.646	-47.774

APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2018-19								
A) Cutting costs through efficiencies	0.000	-0.100	1.415	0.613	0.000	-0.424	10.289	11.793
(i) Efficiency savings	0.000	-0.100	1.415	1.000	0.000	-0.424	10.289	12.180
(ii) Reducing service standards	0.000	0.000	0.000	-0.387	0.000	0.000	0.000	-0.387
B) Better value for money through procurement and contract management	-0.275	0.000	0.030	0.000	0.000	0.000	0.000	-0.245
(i) Efficiency savings	-0.275	0.000	0.030	0.000	0.000	0.000	0.000	-0.245
C) Service Redesign: Early help and prevention, working locally	-15.112	-0.309	-0.200	-0.490	0.000	0.000	0.000	-16.111
(i) Efficiency savings	-0.750	0.000	-0.200	0.000	0.000	0.000	0.000	-0.950
(ii) Reducing service standards	-4.100	-0.309	0.000	-0.490	0.000	0.000	0.000	-4.899
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	-10.262
D) Raising Revenue; commercial activities	-0.230	0.000	0.000	-0.080	-0.051	-0.302	-0.948	-1.611
(i) Efficiency savings	-0.230	0.000	0.000	-0.080	-0.051	-0.302	-0.948	-1.611
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
E) Maximising property and other assets	0.000	0.000	0.000	0.090	-0.400	0.000	0.000	-0.310
(i) Efficiency savings	0.000	0.000	0.000	0.090	-0.400	0.000	0.000	-0.310
Forecast (shortfall) / over delivery	-3.099	-0.450	-1.850	-0.235	-1.300	0.000	-0.240	-7.174
Total	-18.716	-0.859	-0.605	-0.102	-1.751	-0.726	9.100	-13.659
(i) Efficiency savings	-1.255	-0.100	1.245	1.010	-0.451	-0.726	9.340	9.063
(ii) Reducing service standards	-4.100	-0.309	0.000	-0.877	0.000	0.000	0.000	-5.286
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	-10.262
Forecast (shortfall) / over delivery	-3.099	-0.450	-1.850	-0.235	-1.300	0.000	-0.240	-7.174
Total	-18.716	-0.859	-0.605	-0.102	-1.751	-0.726	9.100	-13.659

APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2019-20								
A) Cutting costs through efficiencies	0.000	0.000	0.000	-0.235	0.000	0.000	0.290	0.055
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.290	0.290
(ii) Reducing service standards	0.000	0.000	0.000	-0.235	0.000	0.000	0.000	-0.235
B) Better value for money through procurement and contract management	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
C) Service Redesign: Early help and prevention, working locally	-10.200	0.000	0.000	0.000	0.000	0.000	0.000	-10.200
(i) Efficiency savings	-0.500	0.000	0.000	0.000	0.000	0.000	0.000	-0.500
(ii) Reducing service standards	-1.000	0.000	0.000	0.000	0.000	0.000	0.000	-1.000
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	-8.700
D) Raising Revenue; commercial activities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
E) Maximising property and other assets	0.000	0.000	0.000	0.000	-1.000	-0.059	0.000	-1.059
(i) Efficiency savings	0.000	0.000	0.000	0.000	-1.000	-0.059	0.000	-1.059
Forecast (shortfall) / over delivery	0.200	-0.535	0.000	0.235	0.000	0.000	0.000	-0.100
Total	-10.000	-0.535	0.000	0.000	-1.000	-0.059	0.290	-11.304
(i) Efficiency savings	-0.500	0.000	0.000	0.000	-1.000	-0.059	0.290	-1.269
(ii) Reducing service standards	-1.000	0.000	0.000	-0.235	0.000	0.000	0.000	-1.235
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	-8.700
Forecast (shortfall) / over delivery	0.200	-0.535	0.000	0.235	0.000	0.000	0.000	-0.100
Total	-10.000	-0.535	0.000	0.000	-1.000	-0.059	0.290	-11.304

2017-18 savings and RAG status detail (2017-20 budget round)

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		Adult Social Care						
		A - Cutting costs through efficiencies						
A(i)	ASC010	Reduce Training & Development spend following implementation of Promoting Independence	-0.200			-0.200	0.000	BLUE
A(i)	ASC022	Review of commissioning structure and wider opportunities to realign staffing structures in localities	-0.155			-0.155	0.000	BLUE
A(i)	ASC026	Review of various commissioning arrangements to identify more cost effective ways of providing services	-1.159			-0.843	-0.316	AMBER
A(i)	ASC027	Multiple small efficiencies within Service Level Agreements	-0.190			-0.190	0.000	BLUE
A(i)	ASC028	Maximise use of apprenticeships	-0.020			-0.020	0.000	BLUE
A(i)	ASC030	Rationalise mobile phones	-0.010			-0.010	0.000	BLUE
A(i)	ASC031	Revised use of Care Act and other funding not previously used for recurrent expenditure	-1.141			-1.141	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	ASC020	Remodel contracts for support to mental health recovery	-0.125	-0.275		-0.035	-0.090	RED

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
B(i)	ASC021	Recommissioning of information advice and advocacy services		-0.250			0.000	RED
B(i)	ASC024	Home care commissioning - an improved framework for procuring home care services in Norfolk	-0.183	-0.549		0.000	-0.183	RED
		C - Service Redesign: Early help and prevention, working locally						
C(i)	ASC008	Promoting Independence - Housing with Care - develop non-residential community based care solutions		-0.500	-0.500		0.000	GREEN
C(i)	ASC009	Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced	-0.250	-0.250		-0.250	0.000	BLUE
C(ii)	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	0.900	-0.900	-0.800	0.900	0.000	BLUE
C(ii)	ASC016-019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-2.100	-3.400		-2.100	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	COM040	Delay to 14-15, 15-16 and 16-17 saving: Reduce the number of service users we provide transport for	2.100	-2.100		2.100	0.000	BLUE
C(iii)	COM033	Reducing funding within personal budgets to focus on eligible unmet needs	-0.500			-0.500	0.000	BLUE
C(iv)	ASC006	Promoting Independence - Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting	-4.445	-3.628	-7.538	-2.046	-2.399	RED
C(iv)	ASC007	Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults	-1.500	-0.500		-1.500	0.000	BLUE
C(iv)	ASC011	Move service mix to average of comparator family group or target - all specialisms		-1.444	-0.962		0.000	GREEN
C(iv)	ASC013	Radical review of daycare services	-1.000	-2.500		-0.400	-0.600	RED
C(iv)	ASC015	Move service mix to lowest of comparator family group - all specialisms		-2.190	-0.200		0.000	GREEN
C(iv)	ASC023	A consistent approach to specific laundry needs	-0.055			-0.038	-0.017	AMBER

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		D - Raising Revenue; commercial activities						
D(i)	ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-1.180	-0.230		-1.300	0.120	BLUE
		Adult Social Care net total	-11.213	-18.716	-10.000	7.728	-3.485	
		<u>Children's Services</u>						
		REMOVAL OF PRIOR YEAR SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	CHI012	Removal of 2016-17 saving: Reduce the cost of transport for children with Special Educational Needs	0.500			0.500	0.000	BLUE
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CHI001-4	Removal of 2016-17 saving: Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of LAC	3.000			3.000	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(iii)	CHI015	Reverse reduced funding for school crossing patrols as recommended by Committee 24-01-17	0.150			0.150	0.000	BLUE
		Subtotal Children's Services reversals	3.650	0.000	0.000	3.650	0.000	
		SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	CHL013	Update our budget for retirement costs for teachers to reflect how much we are now spending on this - we are not responsible for paying redundancy and retirements costs for teachers that work for the growing number of academy schools	-0.050	-0.100		-0.050	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL017	Reduce the number of social workers we use who work for employment agencies - we are giving more support to families at an earlier stage so that the challenges they face are resolved quicker and before they turn into more serious problems. As a result the number of families we are working with that need support from a social worker is reducing. We therefore won't need to use as many agency social workers		-0.450	-0.535		0.000	RED
A(i)	CHL029	Early Years Funding Panel – deliver greater efficiency in allocations	-0.100			-0.100	0.000	BLUE
A(i)	CHL034	Children's Legal Costs – review opportunities to reduce expenditure.	-0.050			-0.050	0.000	BLUE
A(i)	CHL035	Performance and Challenge staff budgets – review current establishment	-0.120			-0.120	0.000	BLUE
A(i)	CHL036	Children with Disabilities Short Breaks – return budget to previous level	-0.100			-0.100	0.000	BLUE
A(i)	CHL037	Early Years Settings Panel – achieve saving through prioritisation and targeting of resources	-0.250			-0.250	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL038	Norfolk Institute for Practice Excellence (NIPE) – reduce agency spend by moving NIPE trainees into posts one month earlier, reducing agency spend	-0.060			-0.060	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	CHL009	End Children's Services funding for Homestart - this is a charity who supports families with young children who are struggling to cope	-0.158			-0.158	0.000	BLUE
B(i)	CHL030	East Coast Community Healthcare Speech and Language Contract increased income	-0.050			-0.050	0.000	BLUE
B(i)	CHL033	Service Level Agreement efficiencies – based on current levels of expenditure	-0.030			-0.030	0.000	BLUE
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CHL019	Review of educational services	-0.350			-0.350	0.000	BLUE
C(i)	CHL032	Children's Homes – increase occupancy through review of placements and improving staff to child ratios	-0.100			-0.100	0.000	BLUE
C(i)	CHL039	Refocus Education Service in light of Education White Paper	-1.250			-0.413	-0.837	RED
C(i)	CHL040	Review Early Help Services	-0.270			-0.270	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	CHL010	Change how we provide parenting support - we have contracts with four organisations to provide parenting support programmes, they offer advice and one-to one support. We are proposing to end these contracts. Targeted family support activities will continue to be provided by Early Help staff and other commissioned providers	-0.427			-0.427	0.000	BLUE
C(ii)	CHL012	Change how we provide support to families who are struggling to cope with the challenges they face - we have contracts with two organisations to deliver Family Intervention Projects with families who are struggling to cope with the challenges they face. We are proposing to not renew these contracts when they end. Our 'Troubled Families' team will continue to provide support to these families	-0.580			-0.580	0.000	BLUE
C(ii)	CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.909	-0.309		-0.909	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	CHL027	Increase 'Troubled Families' income. There may be changes nationally which could reduce our ability to generate this extra income	-0.500			0.000	-0.500	RED

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CHL028	Education Psychology Service – increase traded income, based on charging more and taking on a greater workload.	-0.050			0.000	-0.050	RED
D(i)	CHL031	Woodside Norwich Early Years Hub - increase the income budget to reflect current forecasts	-0.100			-0.100	0.000	BLUE
		Subtotal Children's Services savings	-5.504	-0.859	-0.535	-4.117	-1.387	
		Children's Services net total	-1.854	-0.859	-0.535	-0.467	-1.387	
		<u>Environment, Development and Transport</u>						
		A - Cutting costs through efficiencies						
A(i)	EDT028	Intelligent transport systems - put new technology and models in place for delivery of the intelligent transport systems approaching the end of their economic life, including replacing rising bollard technologies at bus gates with camera enforcement and co-locating the control room with another public service provider	-0.383	-0.085		-0.383	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	EDT032	Waste strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week	-0.150	-1.850		-0.150	0.000	BLUE
A(i)	EDT037	Vacancy management and deletion of vacant posts	-0.488			-0.488	0.000	BLUE
A(i)	EDT038	Further reductions in back office spend	-0.128			-0.128	0.000	BLUE
A(i)	EDT042	Rationalise our highway depot provision and change inspection frequency for main roads	-0.473			-0.473	0.000	BLUE
A(i)	EDT044	Further capitalisation of highways maintenance activities to release a revenue saving	-1.000			-1.000	0.000	BLUE
A(i)	EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17, to release a revenue saving to carry forward to 2017-18	-1.500	1.500		-1.500	0.000	BLUE
A(ii)	EDT043	Implement new national guidance for winter maintenance	-0.100			-0.100	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	-0.080	0.030		-0.080	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		C - Service Redesign: Early help and prevention, working locally						
C(i)	EDT027	Environment service - redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns		-0.200			0.000	GREEN
C(i)	EDT036	Service re-design - introduce a locality based structure for the Community and Environmental Services directorate	-1.038			-1.038	0.000	BLUE
		Environment, Development and Transport net total	-5.340	-0.605	0.000	-5.340	0.000	
		<u>Communities</u>						
		REMOVAL OF PRIOR YEAR SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	RES082	Efficiency savings arising from utilising Public Health skills and resources to remove duplication – removal due to reduced Public Health Grant	0.805			0.805	0.000	BLUE
		Subtotal Communities reversals	0.805	0.000	0.000	0.805	0.000	

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		A - Cutting costs through efficiencies						
A(i)	CMM013	Healthwatch – reduce the Healthwatch grant	-0.150			-0.150	0.000	BLUE
A(i)	CMM033	Cross-cutting savings – Allocation of Public Health Grant to other services delivering Public Health outcomes	-0.250			-0.250	0.000	BLUE
A(i)	CMM034	Vacancy management and deletion of vacant posts	-0.021			-0.021	0.000	BLUE
A(i)	CMM035	Further reductions in back office spend	-0.015			-0.015	0.000	BLUE
A(i)	CMM040	Capitalisation of library books 16-17 resulting in a one-off saving	-1.000	1.000		-1.000	0.000	BLUE
A(i)	CMM041	Capitalisation of library books 17-18 – ongoing revenue saving	-0.680			-0.680	0.000	BLUE
A(ii)	CMM016	Norfolk and Norwich Millennium Library opening times - Reduce the opening times for Norfolk and Norwich Millennium Library but install Open Plus technology to enable the ground floor to be open longer via self service	-0.138			-0.138	0.000	BLUE
A(ii)	CMM022	Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines		-0.622			0.000	AMBER
A(ii)	CMM026	Special service mobile library service - change the mobile library service for people in residential care, by	-0.044			-0.044	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		encouraging care homes to pay for the service or using volunteers to provide books for individual people						
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CMM018	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams	-0.200			-0.200	0.000	BLUE
C(ii)	CMM023	Fire service operational support reductions and redeployment of WDS staff - re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focussed activities	-0.110	-0.490		-0.110	0.000	BLUE
C(ii)	CMM027	Public mobile libraries - reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of some visits and stop Saturday routes	-0.044			-0.044	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	0.100			0.100	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CMM036	Registration service income generation - develop business opportunities within the service to generate additional income		-0.080			0.000	GREEN
D(i)	CMM037	Additional income generation (Museums, Records Office, Trading Standards)	-0.054			-0.054	0.000	BLUE
D(i)	CMM046	Additional income generation (Museums, Records Office, Arts Service)	-0.015			-0.015	0.000	BLUE
		E - Maximising property and other assets						
E(i)	CMM039	One-off saving through re-setting budgets for leased equipment	-0.090	0.090		-0.090	0.000	BLUE
		Subtotal Communities savings	-2.711	-0.102	0.000	-2.711	0.000	
		Communities net total	-1.906	-0.102	0.000	-1.906	0.000	
		<u>Business and Property</u>						
		A - Cutting costs through efficiencies						
A(i)	EDT038	Further reductions in back office spend	-0.020			-0.020	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	P&R030	Corporate Property Team approach to sponsorship & advertising	-0.100			-0.100	0.000	BLUE
D(i)	EDT019	Economic development sector grants funding - Cease the direct funding to support economic development	-0.050			-0.050	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		projects, and work with others to identify alternative ways to secure funding						
D(i)	EDT020	Economic development match funding - cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities		-0.051			0.000	GREEN
D(ii)	EDT039	Reduction in Economic Development project fund	-0.010			-0.010	0.000	BLUE
D(i)	EDT047	Additional income generation Scottow Enterprise Park	-0.100			-0.100	0.000	BLUE
		E - Maximising property and other assets						
E(i)	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.430	-1.000	-1.000	-1.430	0.000	BLUE
E(i)	P&R058	Raising revenue: property development - to explore options for the authority regarding direct property development. The Council owns a significant land and building bank for which sale for capital receipt may not be the best option for the authority. Generating a higher capital receipt would reduce future borrowing costs		-0.500			0.000	AMBER
E(i)	P&R060	Property assets: reducing the costs of running the estate - explore what further opportunities we have for further reducing core facilities management standards across the estate, e.g. opening hours, security levels. It should be noted that there is already a significant level of property savings already included in the MTFS		-0.200			0.000	AMBER

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		Business and Property net total	-1.710	-1.751	-1.000	-1.710	0.000	
		<u>Digital Innovation and Efficiency</u>						
		A - Cutting costs through efficiencies						
A(i)	P&R050	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	0.006	-0.339		0.006	0.000	BLUE
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.269	-0.264		-0.269	0.000	BLUE
A(i)	P&R064	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions		-0.321			0.000	GREEN

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	EDT048	Use of Better Broadband Reserves	-0.500	0.500		-0.500	0.000	BLUE
A(i)	P&R080	Capitalisation of ICT costs	-0.300			-0.300	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	P&R072	Opportunity to deliver parts of the remaining DNA project more cost effectively - primarily around in-house data storage	-0.220			-0.220	0.000	BLUE
B(i)	P&R073	Change the IT equipment model - renewal and upgrade of server infrastructure	-0.280			-0.280	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	P&R062	Raising revenue through recharging the full costs of our services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred	-0.299	-0.302		-0.299	0.000	BLUE
		E - Maximising property and other assets						
E(i)	P&R082	Release ICT lease budget no longer required	-0.243		-0.059	-0.243	0.000	BLUE
		Digital Innovation and Efficiency net total	-2.105	-0.726	-0.059	-2.105	0.000	
		<u>Policy and Resources</u>						
		REMOVAL OF PRIOR YEAR SAVINGS						

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		D - Raising Revenue; commercial activities						
D(i)	P&R023	Remove 2015-16 saving: Optimise car leasing and reduced mileage	0.300			0.300	0.000	BLUE
D(i)	P&R029	Remove 2015-16 saving: Increased income from advertising	0.050			0.050	0.000	BLUE
		Subtotal Policy and Resources reversals	0.350	0.000	0.000	0.350	0.000	
		SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	P&R049	Review of accounting treatment for notional debt repayment (MRP)	-5.216			-5.216	0.000	BLUE
A(i)	P&R050	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	-0.006	-0.286		-0.006	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R052	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over two years via various work streams - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, and introduce automation wherever possible	-0.500	-0.500		-0.500	0.000	BLUE
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.231	-0.236		-0.231	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R064	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions		-0.279			0.000	AMBER
A(i)	P&R068	Insurance Fund saving (reversal of 2016-17 one-off saving)	2.000			2.000	0.000	BLUE
A(i)	P&R069	Use of Organisational Change Reserve to fund Social Care system in 2016-17 (reversal of 2016-17 one-off saving)	0.478			0.478	0.000	BLUE
A(i)	P&R070	Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (reversal of 2016-17 one-off saving)	0.500			0.500	0.000	BLUE
A(i)	P&R071	Use of Organisational Change Reserve in 2016-17 (reversal of 2016-17 one-off saving)	0.132			0.132	0.000	BLUE
A(i)	P&R076	Insurance Fund contribution	-1.350	1.350		-1.350	0.000	BLUE
A(i)	P&R077	Implementation of Minimum Revenue Provision policy	-6.904	0.136	0.290	-6.904	0.000	BLUE
A(i)	P&R078	Use of capital receipts in 17-18 to fund MRP	-6.000	4.000		-6.000	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R081	One-off use of reserves to be identified in June 2017 (to support 2017-18 investment in Children's Services)	-5.813	5.813		-5.813	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	P&R025	Corporate Banking project - move to Barclays	-0.035			-0.035	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	P&R051	Raising revenue by an increased ESPO dividend - ESPO is a Joint Committee of which Norfolk is the largest member, buying on behalf of schools, councils and others. ESPO plans to reduce its costs and increase its market presence outside of its traditional operating area, resulting in an increased dividend	-0.100	-0.100		-0.100	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R053	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, e.g. 0.25% on £100m of cash, would produce a saving. The breadth of organisations we lend to and for how long can be reviewed. The average cash balance in 2015-16 was £215m	-0.500			-0.500	0.000	BLUE
D(i)	P&R059	Raising revenue: fraud error and debt - use of data analytical tools to collect debts otherwise considered unrecoverable, largely uncollected council tax, working with district councils. The work would be performed by specialist companies	-0.050			-0.050	0.000	BLUE
D(i)	P&R062	Raising revenue through recharging the full costs of our services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred	-0.201	-0.198		-0.201	0.000	BLUE
D(i)	P&R066	Second Homes income		-0.600			0.000	GREEN
D(i)	P&R074	Nplaw income growth - establishment of the Alternative Business Structure	-0.100			-0.100	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 outturn	2017-18 outturn variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R075	Early payment rebate project	-0.100			-0.100	0.000	BLUE
		Subtotal Policy and Resources savings	-23.996	9.100	0.290	-23.996	0.000	
		Policy and Resources net total	-23.646	9.100	0.290	-23.646	0.000	
		Total Norfolk County Council net savings	-47.774	-13.659	-11.304	-42.902	-4.872	

Policy and Resources Committee

Item No 9

Report title:	Annual Treasury Management Report 2017-18
Date of meeting:	4 June 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact This Annual Treasury Management Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity. This report provides details of the 2017-18 outturn position for treasury activities and highlights compliance with policy and strategy previously approved by Members in relation to treasury management.	

Executive Summary

In accordance with regulatory requirements, this report provides information on the Treasury Management activities of the County Council for the period 1 April 2017 to 31 March 2018.

After remaining unchanged at a historic low of 0.5% for 7 years and the base rate reduction to 0.25% in August 2016, The Bank of England increased the base rate to 0.5% in November 2017. The Council borrowed £20m in February 2018 and continues to monitor rates for possible further prudential borrowing to take advantage of historically low interest rates.

During 2017-18, the Council's treasury management operations have been carried out in accordance with best practice and in compliance with legislative and regulatory requirements.

At 31 March 2018, the Council's external debt was £533m (£521m in 2016-17) and its investments totalled £94m (£162m in 2016-17). External Debt has increased as a result of the £20m PWLB borrowing to support capital expenditure.

Members are asked to:

- **endorse and recommend to County Council, the Annual Treasury Management Report 2017-18.**

1. Introduction

The annex to this report sets out the treasury management activities of the County Council for the period 1 April 2017 to 31 March 2018.

2. Evidence

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

The annex summarises:

- Investment Activity
- Long Term Borrowing and Debt Management Activity
- Non-Treasury Management investments

3. Financial Implications

This report brings together information on the treasury management activities of the County Council during 2017-18. Regular treasury management performance reports have been received throughout the year; therefore there are no further financial implications to consider.

4. Issues, risks and innovation

Risk implications

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

5. Background

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

Officer Contact

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

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Annual Treasury Management Report 2017-18

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce an annual report on Treasury Management activities. The County Council is required to comply with the Code through Regulations issued under the Local Government Act 2003.
- 1.2 Treasury management activities are defined as 'the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.
- 1.3 Treasury management in local authorities is extremely well regulated. Specific policy and operational guidance is contained in a variety of professional codes, statutes and government guidance.
- 1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 1.5 During 2017-18 the minimum reporting requirements were that the County Council should receive the following reports:
 - an annual treasury strategy in advance of the year (County Council 20 February 2017)
 - a mid-year treasury update report (County Council 11 December 2017)
 - an annual report following the year-end describing activity (this report).

The Treasury Management Panel and the Policy and Resources Committee met in January and February 2017 to approve the strategy for 2017-18 and during the year to receive and discuss treasury management reports.

2 Non-Treasury investments and changes to the CIPFA Code`

- 2.1 Non-treasury investments are classed as capital expenditure and approved and monitored as part of the capital programme. In December 2017, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focussed on non-treasury investments including the purchase of property with a view to generating income. Although full implementation of the new Code is not expected until 2019-20, a list of non-treasury investments is appended to this report.
- 2.2 During 2017-18 treasury management did not encompass those non-treasury management investments where cash balances are invested for policy purposes; an example being £6.250m loaned to the Norse Group in 2016-17 to enable the company to deliver the Norwich International Aviation Academy.

- 2.3 The new Code has also made some relatively minor amendments to the suggested Prudential Indicators, which will be reflected in the 2019-20 Treasury Management Strategy.

3 Link's Economic Review 2017-18 – “The Economy and Interest Rates”

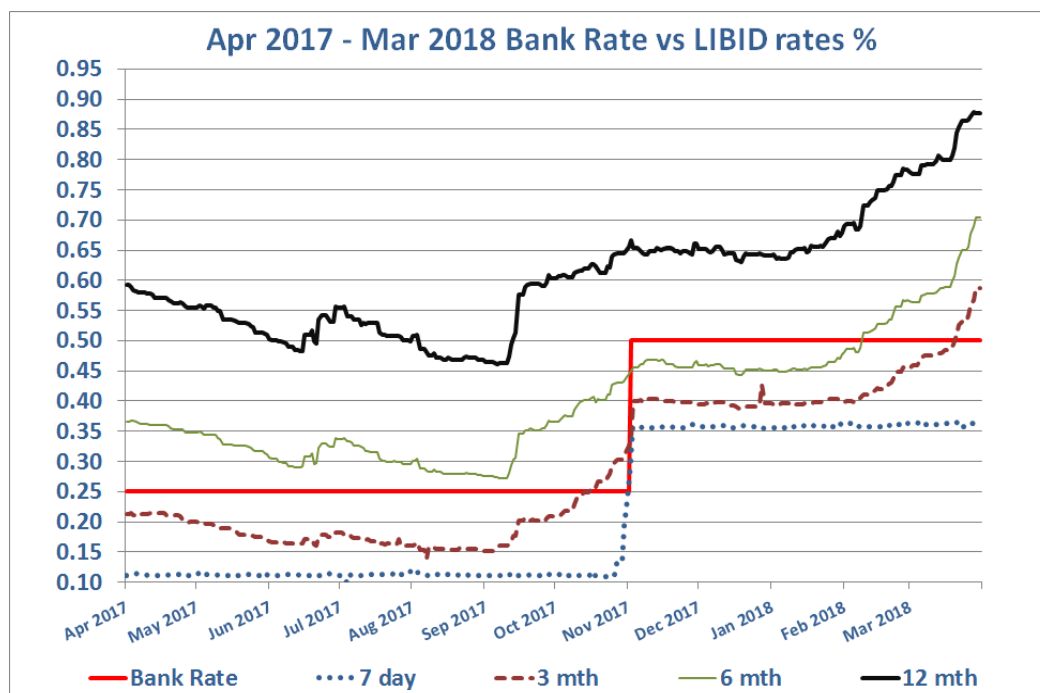
- 3.1 During 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. The services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Market expectations during the autumn, rose significantly with the MPC heading in the direction of imminently raising Bank Rate.
- 3.2 The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.
- 3.3 The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.
- 3.4 PWLB borrowing rates increased correspondingly to the above developments with the shorter-term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 years, rather than longer term yields.
- 3.5 The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

4 Treasury Operations in 2017-18

4.1 Investment Interest Rates in 2017-18 – Link analysis

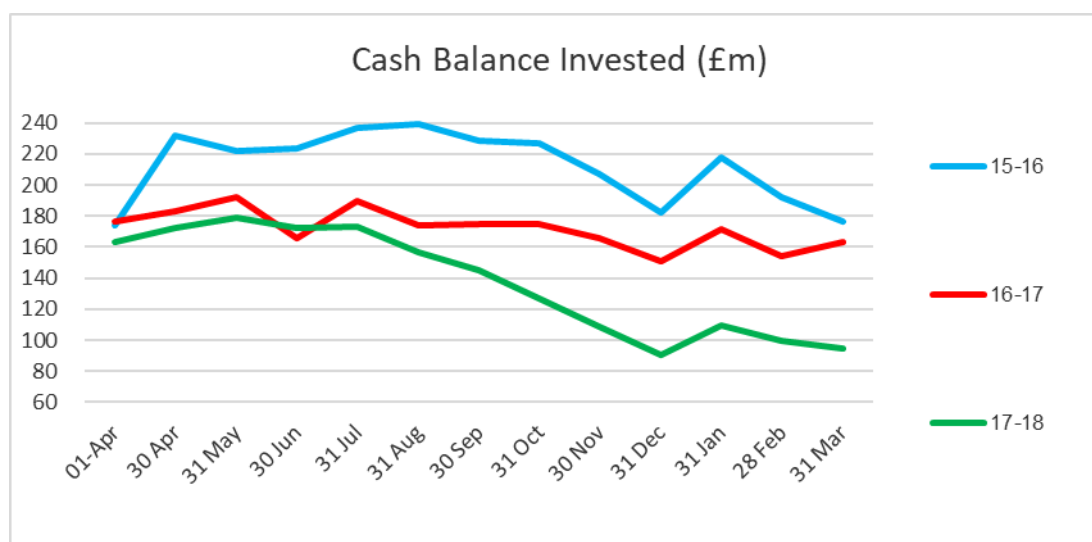
- 4.1.1 Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. The Bank Rate was duly raised from 0.25% to 0.50% on 2 November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years.

Deposit rates continued into the start of 2017-18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28 February 2018.



4.2 Investment Activity

- 4.2.1 The Council's investment policy is governed by the Ministry of Housing, Communities and Local Government's Guidance, which was incorporated within the annual investment strategy approved by the County Council on 20 February 2017. Investment activity during the year was in accordance with the approved strategy.
- 4.2.2 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme.
- 4.2.3 Income in 2017-18 amounted to £1,474m (£1,553m in 2016-17), while payments, including debt repayment, totalled £1,543m (£1,568m in 2016-17), resulting in an overall decrease in cash balances of £69m. Cash balances available for investment have therefore decreased from £164m at 1 April 2017 to £95m at 31 March 2018. The average level of cash balances in 2017-18 was £134m (£171m in 2016-17).



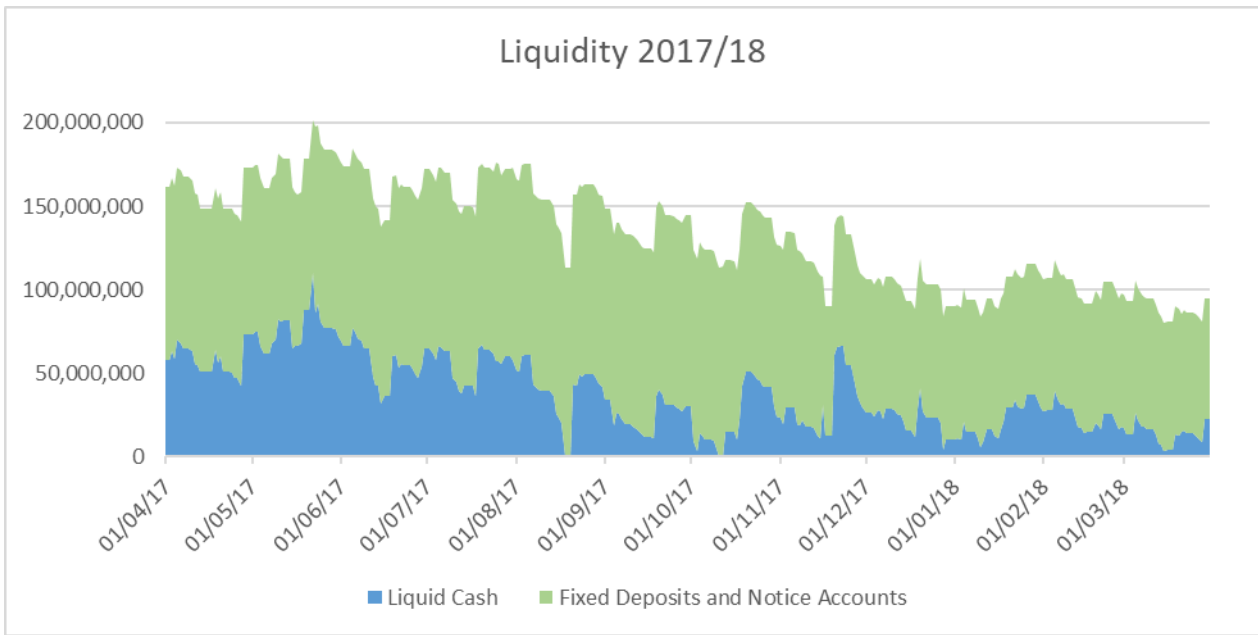
- 4.2.4 The spike in January 16 was due to early receipt of NNDR grant income and the smaller spikes in July 16 and Jan 17 represent the £40m NNDR PWLB borrowing. A proportion of this borrowing was carried forward at 31 March 17 to fund the remainder of the NNDR construction. The large increase in April 2015 related to the front loading of Business Rates Retention and Revenue Support Grant (half of the £246m annual total received in one month), whereas receipts in more recent years have been more evenly distributed. The reduction in the overall cash balance in 2017-18 has been due largely to expenditure on the NDR and good progress on the school's capital programme.
- 4.2.5 Of the 370 bank accounts administered by the County Council, only 3 are principal accounts (one for income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all 370 accounts by aggregating and investing surplus cash balances daily.
- 4.2.6 All cash balances are managed internally and invested in accordance with the Council's approved investment strategy. The Council works closely with its external Treasury Advisors to determine the credit rating criteria for 'high' credit rated institutions supplemented by other financial market information and intelligence.
- 4.2.7 Investment decisions are largely driven by the timing of projected cash in-flows and out-flows, the availability of high quality counterparties and the relative value of interest rates compared to the performance benchmark.
- 4.2.8 An investment profile as at 31 March 2018 is attached at Appendix A.
- 4.2.9 The average interest rate earned in 2017-18 was 0.98% (1.01% in 2016-17), compared with the average 7-day London Interbank Bid (LIBID) rate of 0.22%. The table below provides a month by month and a cumulative comparison against the 7-day LIBID benchmark. A comparison against other deposit benchmarks can be made using the chart at para. 4.1 above.

2017-18	Interest for Month (%)	LIBID for Month (%)	Interest Year to Date (%)	LIBID Year to Date (%)
Apr 17	0.95	0.11	0.95	0.11
May 17	0.87	0.11	0.90	0.11
Jun 17	0.93	0.11	0.91	0.11
Jul 17	0.94	0.11	0.92	0.11
Aug 17	0.97	0.11	0.93	0.11
Sep 17	1.05	0.11	0.95	0.11
Oct 17	1.02	0.12	0.96	0.11
Nov 17	1.01	0.36	0.96	0.14
Dec 17	1.04	0.36	0.97	0.17
Jan 18	1.04	0.36	0.97	0.19
Feb 18	1.02	0.36	0.98	0.20
Mar 18	1.09	0.36	0.98	0.22

4.2.10 Gross interest earned for the period 1 April 2017 to 31 March 2018 is £1.312m (£1.739m in 2016-17). Net interest earned, after adjusting for internal interest-bearing accounts, is £1.270m (£1.638m in 2016-17). Despite low base rates, the average rate of interest on deposits is relatively high due to increasing the proportion of fixed deposits and reducing the amount of liquid cash being held. While this increases the risk of short term borrowing being required from time to time, the increase in interest received more than covers any unplanned short-term borrowing costs.

4.2.11 A year on year comparison of investment activity is summarised below. Gross Interest Earned has decreased by £0.427m, due to reduced level of cash balances. The interest rate achieved in 2017-18 of 0.98% exceeds the average LIBID 6-month deposit rate of 0.401% and this has been achieved while still maintaining daily cashflow liquidity.

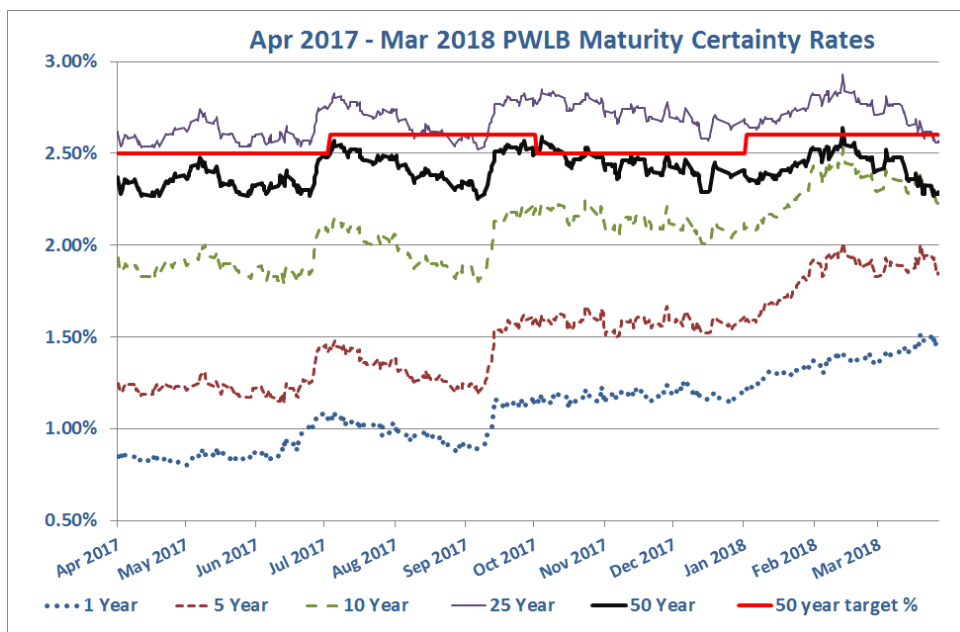
	2016-17	2017-18
Average Cash Balances	£171m	£134m
Interest Rate (including prior year fixed deposits)	1.01%	0.98%
Gross Interest Earned	£1.739m	£1.312m



4.3 Borrowing Interest Rates – Link analysis

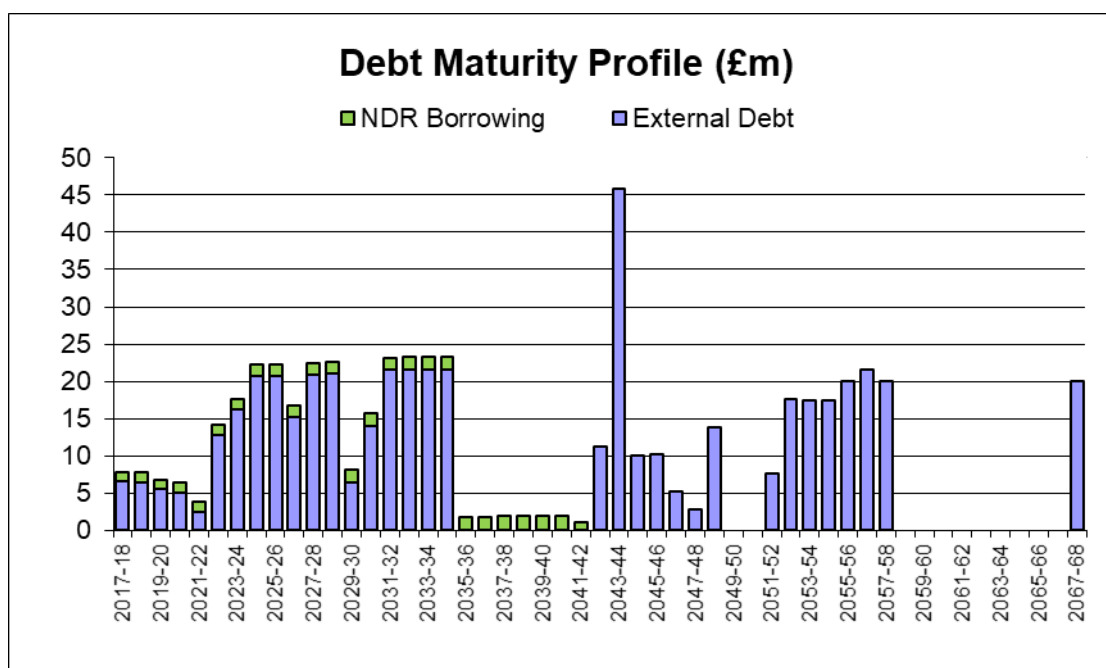
4.3.1 PWLB certainty maturity borrowing rates, as depicted in the graph below show the PWLB 25 and 50-year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

4.3.2 During the year, the Link 50-year PWLB target (certainty) rate for new long-term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.



4.4 Long Term Borrowing & Debt Management Activity

- 4.4.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the Council’s treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising cash resources on a temporary basis within the County Council.
- 4.4.2 In accordance with the approved 2017-18 Investment and Treasury Strategy, the County Council has postponed an element of new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of ‘carrying’ debt in the short term. “Cost of carry” is the difference between interest paid and interest earned on borrowed monies while temporarily held as cash balances until used to fund capital expenditure.
- 4.4.3 Delaying borrowing and running down the level of investment balances also reduces the County Council’s exposure to investment counterparty risk. By avoiding the “cost of carrying” debt the County Council is currently saving between £3m and £4m pa (depending on future interest rate assumptions, the use of new PWLB borrowing, and the rate of capital expenditure funded by borrowing).
- 4.4.4 Against this, the current borrowing environment gives the authority the chance to lock into historically low interest rates, so £20m was borrowed in February 2018 from the PWLB at a rate of 2.61% fixed until Dec 2067, to support the general capital programme. Further tranches of borrowing are likely to take place in 2018-19 subject to interest rates and cash flow requirements.
- 4.4.5 At 31 March 2018, the Council’s external borrowing (debt outstanding) totalled £533m (£521m at 31 March 2017) including £40m borrowed in 2016-17 to support the construction of the Norwich Northern Distributor Road, and £20m borrowed in February 2018. The weighted life of the Council’s current debt at the point it was taken is 36 years. The weighted average time to maturity of current fixed term debt is 22 years.



4.4.6 Interest paid on external borrowings in 2017-18 was £25.8m. The average rate of interest was 4.89%.

4.4.7 The debt position at the 31 March 2018 compared to the previous year is shown below:

Actual Borrowing Position	31 March 2017		31 March 2018	
	Principal £m	Rate%	Principal £m	Rate%
PWLB Debt - maturity	£439m	5.27%	£452m	5.15%
PWLB Debt – annuity	£40m	2.03%	£38m	2.02%
Commercial Loans Debt	£42m	4.72%	£42m	4.74%
Total Debt	£521m	4.98%	£533m	4.89%

4.4.8 Appendix B shows debt maturities during the last 3 years, including the amount of debt repaid, the rate of interest and interest savings, and Appendix C shows ratios of interest to principal and income, and also gives comparisons with other local authorities.

4.4.9 The County Council maintained its total gross borrowing level within its Authorised Limit of £861m during 2017-18. The Authorised Limit being the ‘affordable borrowing limit’ required by section 3 of the Local Government Act 2003.

4.4.10 The Council’s Capital Financing Requirement at 31 March 2018 is (provisionally) £740m. The estimate in the latest Treasury Strategy was £746m. Based on the other assumptions in the strategy adjusted for £20m additional borrowing in February, the lower CFR results in under-borrowing of £131m as at 31 March 2018. This has further reduced by £20m as a result of borrowing in April 2018

4.4.11 The PWLB provides a facility to restructure debt, including early repayment of loans. This can result in net savings in overall interest charges. No early repayments were made in 2017-18 as the current low level of PWLB rates would result in ‘premiums’ being payable. Prevailing PWLB interest rates will be monitored to identify future repayment opportunities.

5 Leasing

5.1 In 2017-18 leasing facilities totalling £1.9m were arranged by Link Asset Services Ltd. Leased assets included Highways vehicles and a variety of vehicles for Norse Commercial Services under a subleasing arrangement. During the last quarter of 2017-18 NCC was released and discharged from all leases subleased to Norse via Novation agreements/deeds between the Lessors, Norse and NCC. Norse has undertaken to perform the obligations and liabilities in the original lease agreements and will be liable for all future leasing they undertake.

6 Non-treasury investments

6.1 Following updates to Treasury Management reporting requirements from 2019-20 under the revised CIPFA Code, local authorities will have to report more information on their non-treasury investments. As preparation, Appendix D lists non-treasury investments made or held by the authority, with short explanation of each one.

7 Financial Implications

- 7.1 This report brings together information on the treasury management activities of the County Council during 2017-18. Regular treasury management performance reports have been received throughout the year; therefore, there are no further financial implications to consider.

8 Issues, risks and innovations

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

9 Recommendations

- 9.1 It is recommended the Treasury Management Panel endorse and recommend to the Policy and Resources Committee and the County Council:
- the Annual Treasury Management Outturn Report 2017-18

Officer Contact:

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01603 222832



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Appendix A

Outstanding Deposit Profile @ 31st March 2018

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £m
Barclays Bank Group				
Barclays Call Account	Instant Liquidity		0.40*	22.879
				22.879
Close Brothers				
Close Brothers	19-04-2016	19-04-2018	1.55	10
Close Brothers	24-08-2016	24-08-2018	1.25	10
				20
Goldman Sachs				
Goldman Sachs 370 Day Notice	Not yet called		1.11	10
Goldman Sachs 370 Day Notice		24-01-2019	0.99	10
Goldman Sachs 370 Day Notice	Not yet called		0.99	10
				30
Lloyds Bank Group				
Lloyds TSB	13-04-2016	13-04-2018	1.40	10
				10
Norse Group				
Norfolk Property Services	22-03-2018	05-04-2018	3.10	1
Norfolk Property Services	22-03-2018	06-04-2018	3.10	0.5
				1.5
Santander UK				
Santander	25-07-2017	22-07-2018	0.85	10
				10
Total Deposits				94.379
Cash balances received late in day				0.248
Total cash				94.627

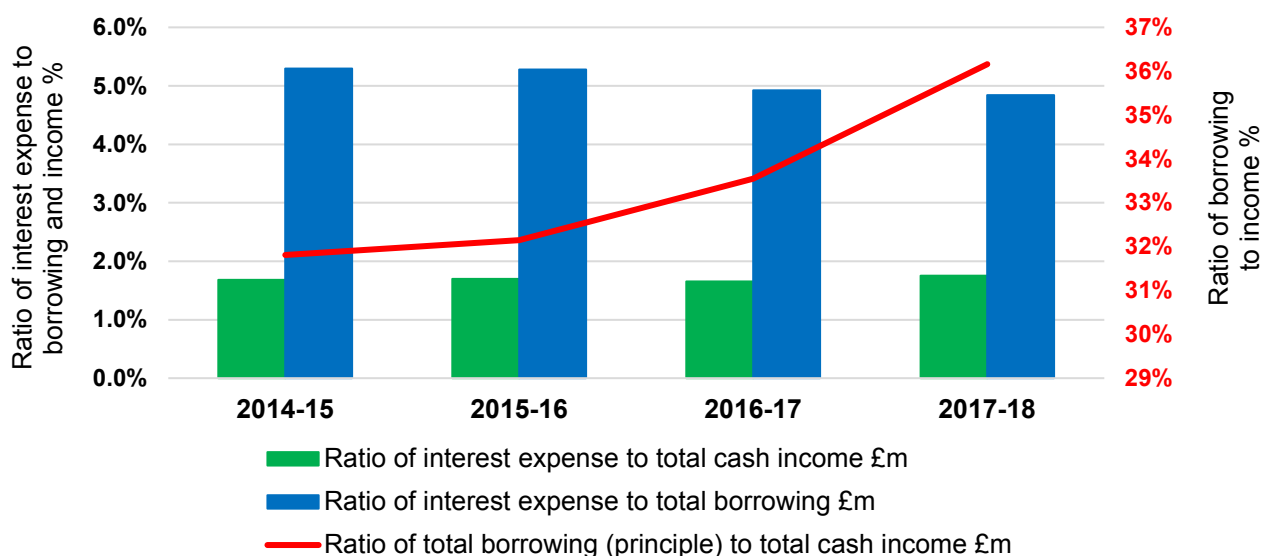
* Latest rates as at 31 March 2018

In addition, deposits of £13.39m were held on behalf of other bodies: Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, and Independence Matters.

Appendix B

Debt Maturities 2015-16 to 2017-18			
Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
11-04-2015	£1,000,000	4.625%	£46,250
15-06-2015	£500,000	9.375%	£46,875
30-09-2015	£1,500,000	5.000%	£75,000
11-10-2015	£500,000	9.625%	£48,125
11-10-2015	£500,000	4.625%	£23,125
15-12-2015	£500,000	9.500%	£47,500
31-03-2016	£500,000	9.375%	£46,875
31-03-2016	£1,500,000	5.000%	£75,000
2015-16	£6,500,000		£408,750
15-06-2016	£500,000	9.250%	£46,250
15-12-2016	£500,000	9.500%	£47,500
11-04-2016	£1,000,000	4.625%	£46,250
11-10-2016	£ 500,000	4.625%	£23,125
30-09-2016	£2,000,000	5.125%	£102,500
31-03-2017	£1,000,000	5.000%	£50,000
31-03-2017	£500,000	9.375%	£46,875
2016-17	£6,000,000		£362,500
11-04-2017	£1,000,000	4.625%	£46,250
15-06-2017	£500,000	9.375%	£46,875
30-09-2017	£1,500,000	5.125%	£76,875
11-10-2017	£500,000	4.625%	£23,125
11-10-2017	£ 500,000	9.750%	£48,750
15-12-2017	£1,525,000	6.500%	£99,125
31-03-2018	£1,000,000	5.000%	£50,000
2017-18	£6,525,000		£391,000
Apr 15 to Mar 18	£19,025,000		£1,162,250

Interest Expense and Borrowing Ratios

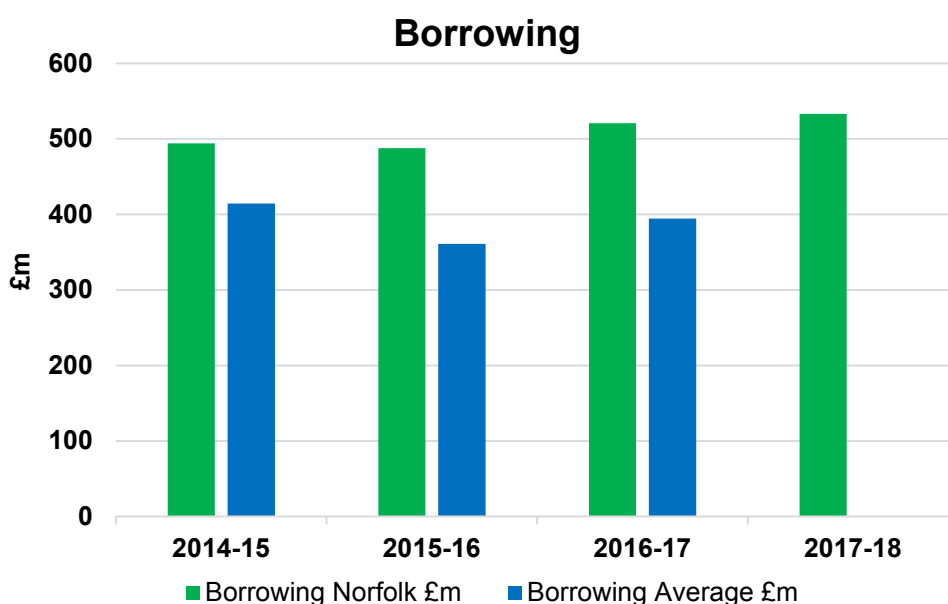


Interest expenses relate to external loans and for the purposes of this graph do not include accounting adjustments in respect of leases and notional financing arrangements. The figure for income used relates to cash income consistent with the figures shown in this report.

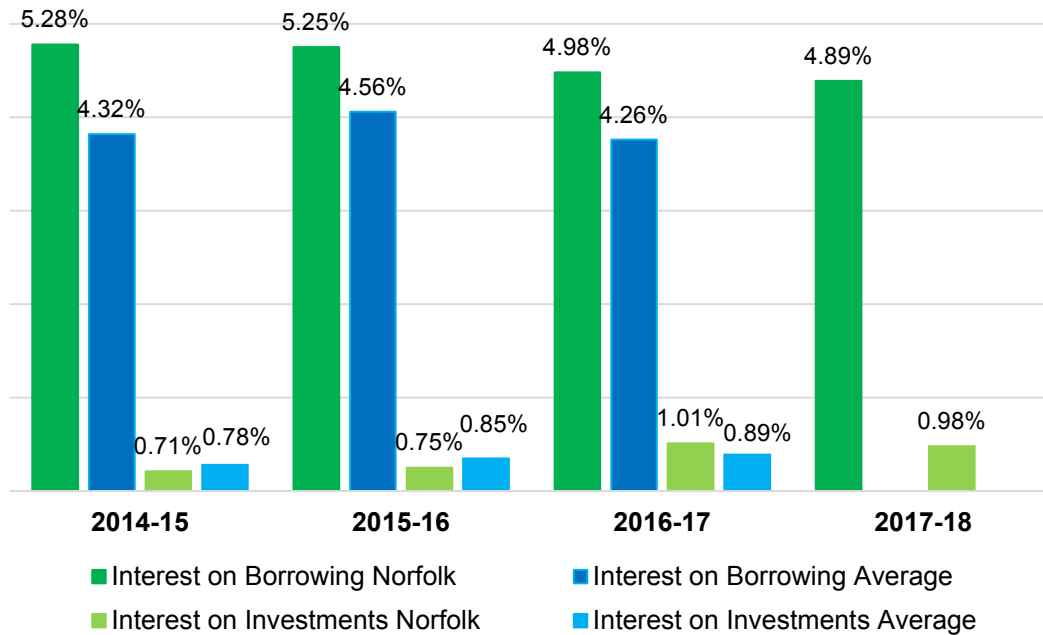
The red line shows an increase from 32% to 36% in the ratio of total borrowing (principle) to total cash income. This increase is the result of £40m additional borrowing in 2016-17 and £20m further borrowing in 2017-18.

The blue columns show the ratio of interest expense to total borrowing is reducing as high interest rate debt is paid off and new borrowing is taken at more favourable current rates.

The following compare Norfolk with the average of 11 other similar Local Authorities taken from the annual CIPFA Benchmarking Comparator Report. The 2017-18 report will not be available until later in the year so the 2017-18 averages have not been entered.



Interest on Investments and Borrowing



Due to historic borrowing decisions and timing, the Norfolk average rate of interest on borrowing is slightly higher than the family benchmark. However, the difference has been reducing as higher interest borrowing is repaid.

Norfolk's interest on balances has been higher than the average since 2016-17 due to the use of longer term deposits.

Non-treasury investments

Non-treasury investments - Capital loans and similar arrangements

Capital loans are not classed as a treasury management activity but have an impact on cash flows, and interest received, and will be included as part of Treasury Management reporting from 2019-20 under the revised CIPFA Code. Current capital loans are as follows:

Capital loans	Balance 31 March 2018	Authority / Objectives	Funding and other notes
	£m		
Infrastructure related loans			
GNGB/CIL support for NDR	38.460	Formal arrangements between GNGB members, to allocated CIL receipts to support £40m costs of the NDR, was agreed 21 October 2015. Rather than a loan as such, the arrangement is long term loan repayment support.	Payments allocated from CIL receipts match the interest and repayments due on a £40m PWLB loan taken out by Norfolk County Council in 2016-17 to part fund construction of the NDR. The arrangement is treated as a long-term debt in the financial statements.
NDR Radar Loan	2.194	NCC Cabinet 2 September 2013 agreed to part fund relocation of the Norwich International Airport radar as a compensatory element of the NDR project. A legal agreement for the funding of the radar was agreed with Norwich Airport Limited on 18 October 2013. Repayments will start 2023 when previous radar would have been replaced.	The airport will contribute to the cost of the radar through financing arrangements from years 9 to 20 at an agreed commercial rate.
Local infrastructure Fund loans to developers	4.796	The GNGB area City Deal resulted in the establishment of a Local Infrastructure Fund to provide loans to developers for site specific help to enable development sites to be delivered quickly. The City Deal partners can borrow up to £20m at the PWLB project rate for this purpose. The approval process is described at: http://www.greaternorwichgrowth.org.uk/delivery/local-infrastructure-fund .	Loans to date include St. George's Park, Loddon – Halsbury Home East Anglia Ltd, Little Plumstead – Cripps Developments, and Rockland St. Mary – FW Properties. First house sold (Little Plumstead) and first repayment has been triggered in December 2017.

Loans to Subsidiaries	Balance 31 March 2018	Authority / Objectives	Funding and other Notes / status
Loans to Norse Group	£m		
Norse Energy	10.000	As part of the Mid-Year Treasury Management Monitoring Report 2015-16 to Policy and Resources Committee and then County Council, members approved the extension of the existing Norse Group short-term loan arrangements by a further £15m for specific longer-term loans, with the loans being approved for inclusion within the County Council's capital programme.	Interest paid annually at a commercial variable rate. Repayment of principal will be on 7th anniversary of loan (December 2022).
Norse Group	3.500	The first loan was for Norse Energy capital investment, and the second to fund replacement of Norse's existing asset portfolio.	Loan agreement dated 14 February 2018, based on fixed commercial rate for 5 years, with option to increase the interest rate if LIBOR increases. Six monthly repayments of principal and interest, with higher principal repayments in 2024 and 2025. Loan will be fully repaid February 2025.
NPS Aviation Academy	6.250	At 20 July 2015, Policy and Resources Committee authorised a loan of £6.25m to the Norse Group, to create a physical location for the Norwich International Aviation Skills Academy	Agreement based on commercial fixed annuity rate. Repayments of interest and capital in 29 equal instalments starting July 2018.
NEWS	0.636	Loan agreement between Norfolk County Council and Norfolk Environmental Waste Services Limited dated 28 March 2001, for the construction of a materials recycling facility and the purchase of associated vehicles and equipment in Norfolk.	Twice yearly repayments of capital and interest, rate based on PWLB 20-25 year rate at time of agreement. Capital repaid in equal instalments. Original loan £2.44m, to be fully repaid by end March 2024.
Other NCC wholly owned companies			
Norfolk Energy Futures Ltd	-	NEFL is no longer active and is being wound up. The company's assets and liabilities were netted off and transferred back to the Council in accordance with a formal agreement dated 12 February 2018.	Nil loan as at 31 March 2018. Due to the difference in value between assets and liabilities, an amount of £0.118m has been written off.
Hethel Innovations	3.111	On 23 May 2012 Cabinet agreed to approve 60% match funding estimated at £3.77m, via a loan to Hethel Innovation Limited, for the construction of an Advanced Manufacturing Facility at Hethel. The final revision of the loan agreement is dated May 2015 for £3.26m.	Six monthly equal repayments, capital and interest calculated on an annuity basis. Interest rates fixed based on PWLB rates at the date of the loan. The final instalment date is September 2049.
Other capital loans	0.007	Small historic arrangements.	Final repayment due 2020.
Total capital loans	68.954		

The table above may be updated for 2017-18 subject to the completion of the 2017-18 statutory accounts.

With the exception of Norfolk Energy Futures Ltd (in the process of being wound up), interest and principal has been repaid in accordance with the individual loan agreements.

Financing

Financing for the NDR £40m arrangement shown above has been provided through a £40m PWLB annuity loan. The finance for capital loans has been provided from a mix of PWLB loans and surplus Norfolk County Council cash balances.

Relevant powers

The local authority has the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or right) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions [a]. The local authority has a general power of competence just like individuals generally [b]. The local authority may borrow money for any purpose relevant to its function or for the purposes of the prudent management of its financial affairs [c]. Where the local authority is running a commercial or trading activity then it must do them through a company [b].

Sources [a]: Local Government Act 1972 s 111(1); Egan v Basildon Borough Council 2011.

[b]: Localism Act 2011 s 1 and s4

[c]: Local Government Act 2003 s 1

Non-treasury investments – Investment properties as defined for statutory accounting purposes

For statutory accounting purposes, investment properties are assets which are used solely to earn rental income and/or capital appreciation, rather than in the production or supply of goods or services, for administrative purposes, or for sale in the ordinary course of operations. Two properties are classed as investment properties in the Council's statutory accounts:

Investment property	Norwich Airport Industrial Estate			Agricultural land with development potential		
	Note					
Reason for ownership	Owned jointly with Norwich City Council 60:40			Capital appreciation		
	Rental income			Capital appreciation		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Net rental income £m		0.464	0.487	n/a		
Fair value £m		11.789	13.620		10.095	10.085

Investment property is re-valued each year by NPS Property Consultants.

Non-treasury investments - Property purchased during the year with an objective of generating income

The following assets have been purchased during the year with the expectation of generating income. In most cases income generation is not the sole objective, and may not be the primary objective as explained below.

Income generating property purchases	Purchase price	Authority	Objectives	Appraisals	Financing	Relevant powers
--	£m					
Purchase of farmland Marshland St James, Norfolk	£3.130	A purchase of 390 acres farm at Marshland St James, plus 49 acres of associated farmland was made in 2017-18. The purchase was approved as an urgent decision made under Article 11 of the Council's Constitution, and reported to September 2017 P&R Committee.	<p>The primary strategic objectives for the County Farms is to maintain the size of the Estate at 16,000 acres or more, and to prioritise its fundamental aim of supporting new entrants to the market. The first financial aim is then to generate an agreed annual return to the County Council to help support frontline services.</p> <p>As the Council has a number of planned farms disposals, this purchase provides the headroom to ensure the County Farms Estate will not fall below the stated policy minimum of 16,000 acres.</p>	An independent land agent was appointed by the Council to advise on the purchase. They are quoted as saying "Bank House Farm offered good value for money whilst being located close to an important part of Norfolk County Council's current estate holdings."	As a result of the urgent decision, £3.130m was added to the capital programme to fund the purchase of the farm. This will be finance by unallocated farms capital receipts and prudential borrowing.	Local Government Act 1972. Agriculture Act 1970.

Policy and Resources Committee

Item No 10

Report title:	Norse Business Plan
Date of meeting:	4th June 2018
Responsible Chief Officer:	Executive Director of Finance & Commercial Services – Simon George
Strategic impact In order to aid good governance P&R is tasked with reviewing and approving the business plan of the Norse Group on an annual basis.	

Executive summary

Policy and Resources Committee is recommended to:

- 1. Review and approve the Norse Group Business plan for 2018/19 to ensure that it reflects the aspirations of the shareholders.**

1. Introduction

- 1.1 At its meeting on 21st March 2016, the Policy and Resources Committee agreed a series of recommendations regarding the governance of the Norse Group.
- 1.2 In line with these recommendations the Norse Group Business plan for the period 2018-2019 is presented to the committee for final approval and sign off.
- 1.3 The Business plan has already been approved by the Norse Group Board at its meeting on 16th May 2018.

2. Background

- 2.1 The Norse Group brings together facilities management specialists Norse Commercial Services, property consultancy NPS Group and care provider NorseCare. Together they have a combined turnover in excess of £300 million and provide employment for over 10,000 people.
- 2.2 In 1988, Norfolk County Council established Norfolk County Services (NCS) as a direct service organisation (DLO), initially supplying services such as cleaning, catering and grounds maintenance. Five years later, Norfolk Property Services (NPS) was similarly formed as a business unit of the County Council. The focus of NPS was property related and its activities included surveying, property design and asset management. Both NCS and NPS were incorporated as companies in 2002. In 2006, NCS and NPS were formally brought together as sister companies

within the Norse Group Limited. NCS subsequently changed its name to Norse Commercial Services Ltd. In 2011, Norse Care Limited commenced trading when the Norse Group took over responsibility for 26 residential care homes and 13 day care centres across Norfolk from the County Council.

- 2.2 The Group has recently brought together NPS and NCS under the direction of one Managing Director. The purpose to drive out efficiency, enhance profitability, improve the governance arrangements, and increase the return to the shareholder. The Managing Director of NorseCare sits separately and reports directly to the board.
- 2.4 The Norse Group currently provides a diverse range of services across the functions of facilities management, waste management, property related services and care provision. The Group controls 60 companies, 35 of which are joint ventures with 30 Local authorities.

3. Financial Implications

- 3.1. The Business Plan has set a number of key financial metrics to allow the shareholder to monitor the performance of the Norse Group, as well as outlining the challenges and opportunities facing the Group. These are:
 - 10% growth in annual turnover and profit
 - Return on Capital Employed in excess of 8%
 - Positive Balance Sheet in excess of £100m, excluding the pension deficit
 - At least one new joint venture partnership per year
 - Talent management to increase the resilience of the Group and enable sustainable growth.
- 3.2. The effective management and oversight of the Norse group will further enhance the financial return to the Council.
- 3.3. Financial returns to the shareholder for 2018-19 are forecast as:
 - Dividend £850,000
 - Rebates £1.9m
 - Budget Reduction Savings are not yet confirmed, previous years have yielded a benefit of circa £1.4m
 - Other financial savings £416,000 (fuel rebates/ audit, Interest payments, treasury management, catering support)
 - Indirect savings of £2.9m
- 3.4. The Business plan is not meant to be a constraint on the Group's activities as the trading environment remains very dynamic and volatile and the Norse Group will need to retain the ability to respond to opportunities, even if they are outside the plan. However, the response to the opportunities should be in accordance with both the objectives and the financial metrics set out in the plan.

4. Resource Implications

- 4.1 There are no direct resource implications for Norfolk County Council as all staff, property and IT are provided directly by the Norse Group Ltd.

5.0 Other Implications

- 5.1 All the implications of which Members should be aware have been considered. Apart from those listed in this report, there are no other implications to take into account.

6.0 Equality Impact Assessment

- 6.1 The report is not directly relevant to equality in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

7.0 Section 17 – crime and Disorder Act

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

8.0 Issues, risks and innovation

- 8.1 The effective performance of the Norse group will have both financial and operational impacts on the county council.
- 8.2 The Board of the Norse Group Ltd receives regular reports which identify the significant business risks and the mitigation measures which have been put in place.
- 8.3 All new major contracts or partnerships are subject to a full business plan and risk assessment. These are reviewed, challenged and approved by the relevant advisory groups before submission to the Norse Board for approval (or not). New companies are subject to Norfolk county council approval.
- 8.4 The diverse range of services and companies across the Norse Group enables it to manage the risks within acceptable levels.

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 **Tel No:** 01603 222400 **Email address:** simon.george@norfolk.gov.uk



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Policy and Resources Committee

Item No
12

Report title:	Norse Consents
Date of meeting:	4th June 2018
Responsible Chief Officer:	Executive Director of Finance & Commercial Services – Simon George
Strategic impact Norse requires the consent of the County Council before it can make certain decisions including the appointment of directors.	

Executive summary Policy and Resources Committee is recommended to: 1. Recommend to Full council the appointment of directors to companies in the Norse group as detailed in appendix A

1. Background

Appointment of Directors

- 1.1 Norse requires the consent of the County Council to appoint directors to its companies.
- 1.2 The Executive Director of Finance & Commercial Services has reviewed the attached list of appointees (In appendix A) and advises that they are suitable

And subsequently recommends that the Policy and Resources Committee approve the appointment of the attached list of directors to Full Council.

2. Financial Implications

- 2.1. The effective management and oversight of the Norse group will further enhance the financial return to the Council.

3. Issues, risks and innovation

3.1. There are no significant risks or implications beyond those set out in the financial implications section of the report.

4. Background Papers

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 **Tel No:** 01603 222400 **Email address:** simon.george@norfolk.gov.uk



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Appendix A

	Remove Director	New Director
Medway Norse Limited	Ian Price (former MD)	Andrew Mann (new MD)
Medway Norse Transport	Ian Price (former MD)	Andrew Mann (new MD)
Wellingborough Norse Limited	Nicola Holden (MD maternity leave anticipated to commence in June 2018)	Mark Emms (appointment to cover the period of Nicola Holdens maternity leave only)
GYB Services Limited	Nicola Holden (MD maternity leave anticipated to commence in June 2018)	Mark Emms (appointment to cover the period of Nicola Holdens maternity leave only)
Norwich Norse (Environmental) Limited	Nicola Holden (MD maternity leave anticipated to commence in June 2018)	Mark Emms (appointment to cover the period of Nicola Holdens maternity leave only)
NPS London Limited	Claire Holmes	Dean Wetteland
NPS South East Limited	Claire Holmes	Dean Wetteland
NPS North West Limited	Paul Jones (former OD)	Paul Venn (acting OD)
NPS North West Limited	Glen Reynolds	Daniella Barrow
NPS Infinity Limited	Paul Jones (former OD)	Paul Venn (acting OD)
Suffolk Norse Limited	Michael Davis	David Stewart
Suffolk Norse Transport	Michael Davis	David Stewart
Devon Norse Limited	Vacant directorship	Nick Maddox
Norwich Norse Building Limited	Clive Whitaker	Gary Atkins
NPS Humber Limited	Glen Reynolds	Karen Temple
Engage Lambeth Limited	Glen Reynolds	Andrew Merricks
Lambeth Learning Partnership Limited	Glen Reynolds	Andrew Merricks

Policy and Resources Committee

Item No 13

Report title:	Norfolk County Council's membership of the Local Government Association
Date of meeting:	4 June 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services – Simon George
Strategic impact	
<p>This report sets out details of changes to the arrangements of the Local Government Association (LGA), to establish a new incorporated LGA. This is intended to keep membership costs down, and requires the County Council to agree to sign up to the new arrangements. The proposals do not result in any changes to the Council's benefits and services available through membership of the LGA.</p>	

Executive summary

In July 2017, the LGA General Assembly, the main decision-making body of the LGA, voted to create a new incorporated LGA in the form of a private unlimited company. As part of the transition, the Council is required to formally apply to become a member of the new company.

Policy and Resources Committee is recommended to:

- 1) Authorise the Executive Director of Finance and Commercial Services to apply for Norfolk County Council to be admitted as a member authority of the LGA's private unlimited company.**

1. Introduction

- 1.1. The LGA is the national representative body for local authorities in England and Wales, working with councils to support, promote and improve local government. It is a politically led organisation but strives to agree a common cross-party position on issues and to speak with one voice on behalf of the sector to both national government and other stakeholders. In total, 415 authorities are members of the LGA for 2018-19, which includes 349 English Councils.¹
- 1.2. Norfolk County Council is a member of the LGA. The Council's subscription fee in 2018-19 is £79,427 (plus VAT). This is a reduction of 18% since 2009 and has been frozen for six years.

¹ <https://www.local.gov.uk/about/who-we-are-and-what-we-do>

- 1.3. Members represent Norfolk County Council on the LGA, and the report on “Appointments to external and internal bodies” elsewhere on the agenda sets out details of the Council’s proposed representation.

2. Changes in the LGA’s arrangements

- 2.1. The LGA recognises the need to provide value for money and therefore keeps its arrangements under review in order to minimise the costs of membership.
- 2.2. In July 2017, the LGA’s General Assembly, its main decision-making body made up of councillors from its member councils, voted to create a new incorporated LGA in the form of a private unlimited company. The new company formally came into operation from 1 April 2018. New Articles of Association were adopted by the first General Meeting of the interim members on 7 March 2018 and a copy of these are set out at Appendix 1.
- 2.3. The LGA has written to all member councils to ask them to formally apply for membership of the new company. The LGA reports that a majority of councils have signed up. Following an application for admission, the Council’s 2018-19 membership will be of both the current and new association until such time as the LGA General Assembly takes the formal decision to disband the existing unincorporated association (this is anticipated to be at the General Assembly in July 2018).
- 2.4. The LGA website sets out that the new arrangements are intended to make it more financially sustainable, allowing the association to invest more in services to support its membership whilst keeping subscriptions low. Incorporation will enable the LGA to enter into contracts and hold property in its own name (which it could not do as an unincorporated association) which will “regularise” its commercial activities. The LGA has stated that the change will not affect the way that Norfolk County Council accesses services, or the benefits and services available as a member.

3. Financial and legal implications

- 3.1. The Articles of Association for the new company are appended to this report. They have been reviewed by nplaw and assurance has been given that there are no major omissions or additions to the articles that detrimentally affect the Council.
- 3.2. The only changes identified between the existing LGA constitution (as updated in July 2017) and the new Articles of Association are:
 - New provisions required to reflect the operation of a company in accordance with the Companies Act 2006, for example statutory requirements as to notice of general meetings;
 - The Leadership Board in the new company will be the board of directors, and the General Assembly of the old association becomes the general meeting of the members of the limited company;
 - The new Articles increase the majority required for significant decisions from two thirds to 75% (reflecting that in a limited company, significant decisions are passed by special resolution);

- The new Articles set out that member authorities may appoint up to four persons to serve as member authority representatives at the General Assembly, whereas the current constitution sets out that only member authorities entitled to more than one vote at the General Assembly are entitled to appoint up to four member authority representatives, dependent on their number of votes. In practical terms both the new Articles and the current constitution entitle the County Council to appoint four member authority representatives;
- The calculation of voting rights at the General Assembly remains unchanged (as set out in paragraph 17.1.1 of the Articles, in areas with both a county and district councils, each district council shall have one vote and the county council shall have votes equal to the number of district councils in its area). The new Articles set out that member authority representatives shall be entitled to cast collectively all votes of that member authority, and that representatives have a responsibility to ensure that they are in agreement as to how their member authority's votes should be cast; and
- The only omissions are either where the Companies Act requires different wording (the Leadership Board are now directors of a company, so provisions setting out their role are no longer relevant), or where they were concerned with more day to day issues. For example, all the provisions relating to roles other than members and directors have been moved out of the constitution and into a new Governance Framework.

3.3. Under the new unlimited company arrangements, member councils have the same entitlement to a share of the assets of the LGA and the same responsibility for its liabilities in the event of its formal liquidation. **This means that the financial liability position of Norfolk County Council as a member of the newly incorporated company would be the same as under the current unincorporated LGA.** It should be noted that the liability of member authorities is unlimited. This means that in the event of the LGA being wound up, and where its assets prove insufficient to discharge its liabilities, member authorities will contribute the sums required to meet these liabilities in proportion to its share of the total annual subscriptions. Full details are set out in Article 25 of Appendix 1.

3.4. Under both the existing constitution and the new Articles of Association, upon leaving the LGA, a past member authority would remain liable for its share of the net liabilities of the Association, for a period of five years from the date when it ceased to be a member of the Association.

3.5. The membership fee for the new company is unchanged from the existing organisation.

4. Issues, risks and innovation

4.1. No significant risks or issues have been identified.

5. Summary

5.1. Membership of the LGA delivers substantial benefits to the Council in terms of both their national advocacy role, and practical services provided. The changes in the LGA's arrangements are designed to enable it to continue to deliver value for money and operate in the most effective way. The changes proposed in the new Articles of

Association are relatively minor and there is no change in the level of the Council's financial risk compared to the existing arrangements. It is therefore recommended that the Council apply for membership of the new company.

Background Papers

None.

Officer Contact

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

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**THE COMPANIES ACT 2006
PRIVATE UNLIMITED COMPANY**

**ARTICLES OF ASSOCIATION
OF
LOCAL GOVERNMENT ASSOCIATION
(Adopted by special resolution passed on 7 March 2018)**

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THE COMPANIES ACT 2006
PRIVATE UNLIMITED COMPANY
ARTICLES OF ASSOCIATION
OF
LOCAL GOVERNMENT ASSOCIATION

PART 1 – NAME, OBJECTS AND POWERS

1 NAME

1.1 The name of the Association shall be the LOCAL GOVERNMENT ASSOCIATION.

2 OBJECTS AND POWERS

2.1 The objects of the Association (**Objects**) are:

- 2.1.1 to support, promote and improve local government in England and Wales;
- 2.1.2 to represent, wherever possible by consensus, the interests of Member Authorities to national governments, to Parliament, to political parties, to European and other international institutions and to other bodies, and to negotiate on behalf of local government;
- 2.1.3 to formulate policies to support the improvement and development of local governance, effective management in local authorities and the enhancement of local democracy in England, Wales and elsewhere;
- 2.1.4 to provide forums for discussion of matters of common interest and/or concern to Member Authorities, including groups of Member Authorities, and a means by which joint views may be formulated and expressed;
- 2.1.5 to provide a full range of cost-effective services to Member Authorities in accordance with their wishes, including the dissemination of accurate, timely and relevant information;
- 2.1.6 to co-ordinate collective legal actions on behalf of groups of Member Authorities where authorised by the Leadership Board or relevant Board;
- 2.1.7 to promote the policies of the Association and to provide information on local government issues to the public and outside organisations;
- 2.1.8 to endeavour to give democratically elected local representatives from different political groups the opportunity to contribute to the Association's work and to the development of policies which represent, as far as possible, consensus between the political groups and between groups of Member Authorities;
- 2.1.9 to appoint democratically elected local representatives to the boards of the Improvement and Development Agency for Local Government and Local Partnerships LLP to ensure that the work and priorities of those organisations reflect those of the Member Authorities; and
- 2.1.10 to support all democratically elected local representatives of Member Authorities.

- 2.2 The Association may do all such things that a person can lawfully do which are or may be necessary, or intended to facilitate, or conducive or incidental to the discharge or achievement of the Objects.

3 RESPONSIBILITY FOR ACTION

- 3.1 In matters of local government in general or which concern all Member Authorities, the Association will speak for all Member Authorities.
- 3.2 Recognised groupings of Member Authorities established under these Articles (or standing orders adopted pursuant to these Articles) may speak for the interests they represent, subject to their views not conflicting with or undermining the Association's policy as a whole or damaging the interests of other Member Authorities.
- 3.3 The Association shall ensure that the appointment of any democratically elected local representative to represent the views of Member Authorities on outside bodies or on delegations shall so far as is practicable reflect the political balance of the Association as calculated in accordance with Article 8.
- 3.4 The Association shall not in the context of the issue of local government reorganisation adopt or support any policy which adversely affects any Member Authority. Nothing in this Article shall prevent any Member Authority or group of Member Authorities seeking factual information from officers to assist such a Member Authority or group in promoting outside the Association a view in connection with any reorganisation.
- 3.5 The Association may provide goods and services to other entities engaged in local government (**Associates**) at such times and on such terms, including classes of Associate, as the Leadership Board may approve from time to time.

PART 2 – MEMBERSHIP AND MEMBER AUTHORITY REPRESENTATIVES

4 MEMBERSHIP

- 4.1 The Association may invite into membership of the Association Principal Councils in England and Wales which are capable of being included in the political balance calculations in Article 8, either on an individual membership basis or for corporate membership through the WLGA, with each of them upon admission to membership being a **Member Authority**.
- 4.2 The Association must maintain a register of Member Authorities.
- 4.3 The liability of the Member Authorities is unlimited.
- 4.4 Any Member Authority wishing to terminate its individual membership of the Association, or the WLGA wishing to terminate its corporate membership, shall give not less than twelve months' notice in writing to the Chief Executive to expire on 31 March in any year. Any Welsh Principal Council wishing to terminate its membership of the WLGA's corporate membership shall give not less than twelve months' notice in writing to the WLGA Chief Executive to expire on 31 March in any year. At the expiration of the period of notice the Member Authority giving notice shall cease to be a Member Authority and shall become a **Past Member Authority**.
- 4.5 Subject to Article 4.7, a Past Member Authority shall have:
- 4.5.1 forfeited all right to and claims upon the Association and its property and funds; and
 - 4.5.2 lost any entitlement whatsoever to any share in the assets of the Association whether on a dissolution or otherwise (save in so far as these Articles provide for the assets of the Association to be set off against the liabilities of the Association to determine the net liabilities under Article 25).
- 4.6 A Past Member Authority shall remain liable for its share of the net liabilities of the Association, calculated in accordance with Article 25, for a period of five years from the date when it ceased to be

a member of the Association and shall discharge its share of the net liabilities of the Association on the Association's dissolution.

- 4.7 These Articles shall continue to be binding on Past Member Authorities insofar as they relate to the rights and liabilities of Past Member Authorities.

5 MEMBER AUTHORITY REPRESENTATIVES

- 5.1 Each Member Authority may appoint up to four persons, with each such person being a **Member Authority Representative**. A Member Authority Representative shall serve on/at the General Assembly.

- 5.2 Each Member Authority Representative shall be a democratically elected local representative of that Member Authority. A Member Authority Representative serving on any of the Association's governance structures, or otherwise representing or undertaking business on behalf of the Association, is required to operate in accordance with the member code of conduct of the Member Authority which appointed him/her.

- 5.3 The names of the Member Authority Representatives shall be submitted in writing to the Chief Executive not less than five clear working days in advance of the Annual Meeting in each year, by the appropriate officer of the appointing Member Authority. In exceptional circumstances, names can be submitted after that deadline subject to agreement with the Chief Executive.

- 5.4 The periods of office for Member Authority Representatives appointed to serve on the General Assembly, the Leadership Board and any Board or other governance structure of the Association shall begin as follows:

5.4.1 For any Member Authority Representative appointed to serve on the General Assembly, with effect from the Annual Meeting in a given year.

5.4.2 For any Member Authority Representative elected to serve as a director on the Leadership Board, with effect from the Annual Meeting in a given year.

5.4.3 For any Member Authority Representative appointed to serve on any governance structure (other than the General Assembly or the Leadership Board), on the date specified in his/her letter of appointment.

- 5.5 A Member Authority Representative shall serve on the General Assembly and (if elected or appointed to do so) as a director on the Leadership Board or member of any other governance structure until the earlier of:

5.5.1 the date of (but excluding) the Annual Meeting in the following year (provided that this shall not apply in relation to a Member Authority Representative appointed to relevant governance structures in accordance with Article 5.4.3);

5.5.2 his/her resignation as a Member Authority Representative;

5.5.3 him/her ceasing to be a democratically elected local representative of his/her appointing Member Authority; and

5.5.4 his/her appointing Member Authority becoming a Past Member Authority.

6 WELSH LOCAL GOVERNMENT ASSOCIATION

- 6.1 Principal Councils in Wales shall be eligible to become Member Authorities on an individual basis or for corporate membership through the WLGA.

- 6.2 Welsh Principal Councils themselves joining as Member Authorities will be entitled to participate fully in all the activities of the Association. Welsh Principal Councils joining as corporate members through

the WLGA will have limited representation and voting rights as set out in Part 4 of these Articles (*The General Assembly*).

- 6.3 In recognition of the special constitutional position of Wales as a nation in its own right, the WLGA:
- 6.3.1 will have complete autonomy in respect of all policy matters affecting Wales;
 - 6.3.2 will have complete autonomy in respect of Wales' relationships with the international community including European organisations; and
 - 6.3.3 will be entitled to directly appoint representatives to the Welsh share of places on national and international bodies.
- 6.4 In addition to any subscriptions paid by individual Welsh Member Authorities, the WLGA shall pay to the Association a corporate subscription, agreed annually, on behalf of those Welsh Principal Councils in corporate membership.

PART 3 – GOVERNANCE STRUCTURE

7 GOVERNANCE STRUCTURE: SUMMARY

- 7.1 The General Assembly may from time to time by special resolution passed in accordance with the Companies Acts amend these Articles.
- 7.2 The General Assembly may from time to time by ordinary resolution:
- 7.2.1 make standing orders for the regulation of its proceedings and conventions governing relationships between the political parties in the conduct of the Association's business; and
 - 7.2.2 delegate any of its powers to any person, board or committee on such terms of it shall determine,
- provided always that the standing orders, conventions or terms of delegation do not conflict with the provisions of these Articles.
- 7.3 The General Assembly may from time to time by ordinary resolution passed in accordance with the Companies Acts approve (and/or amend existing) standing orders for the Leadership Board to cover any matter relating to the Leadership Board not already covered by these Articles (the **Leadership Board Standing Orders**) including the delegated powers, size and political composition of the Leadership Board.
- 7.4 If there is any conflict between the provisions of these Articles and the provisions of the Leadership Board Standing Orders, the provisions of these Articles shall prevail and the Member Authorities shall exercise all voting and other rights and powers available to them to give effect to the provisions of the Articles and/or to remedy to conflict.
- 7.5 The Leadership Board may from time to time approve (and/or amend existing) standing orders (other than the Leadership Board Standing Orders) for any Board (the **Board Standing Orders**), to cover any matter relating to any Board not already covered by these Articles including the delegated powers, size, periods of office and political composition of that Board.
- 7.6 If there is any conflict between the provisions of these Articles and the provisions of any Board Standing Orders, the provisions of the Articles shall prevail and the Leadership Board shall exercise all voting and other rights and powers available to them to give effect to the provisions of the Articles and/or to remedy the conflict.

8 POLITICAL BALANCE AND SUPPORT FOR POLITICAL GROUPS

- 8.1 The political balance on the Leadership Board and any Board or other governance structure of the Association shall be calculated annually and approved by the Leadership Board by reference to the overall electorate represented by the democratically elected local representatives of each party, immediately after the last principal elections of Member Authorities and in accordance with the following principles:
- 8.1.1 only Principal Councils which are Member Authorities before the polls open on the day of the principal local elections shall be included in the political balance calculations;
 - 8.1.2 to be included in the political balance calculations, Principal Councils joining the Association on or after 1 April of the membership year must have paid their subscriptions in full, with the funds cleared in an account nominated by the Leadership Board prior to the opening of the polls on the day of the principal local elections and
 - 8.1.3 a 50% weighting shall be applied for Welsh Principal Councils in corporate membership.
- 8.2 When director resigns or his/her period of office terminates prior to the Annual Meeting at which he/she would otherwise cease to be a director in accordance with Article 5.5.1, his/her nominating party may elect or appoint a replacement, who will be designated as "acting" until formally elected by the General Assembly at that Annual Meeting.
- 8.3 Political groups recognised by the Association for the purposes of representation on its governance structures, and whose total share of the weighted electorate is 5% or more, shall be entitled to reasonable support from the Association to enable them to play their part in influencing parties on behalf of Member Authorities.
- 8.4 Independent democratically elected Member Authority Representatives and Member Authority Representatives from smaller recognised political groups may join together voluntarily to secure a collective share of the weighted electorate of 5% or more, in order to qualify for support from the Association comparable to that provided to larger political groups.

9 PRESIDENT AND VICE PRESIDENTS

- 9.1 A President of the Association (**President**) shall be elected at the Annual Meeting in each year and shall be eligible for re-election for up to a maximum of eight years in the post.
- 9.2 Vice-Presidents shall be appointed annually by the leaders of the Association's political groups and be reported at the Annual Meeting.
- 9.3 The President and Vice-Presidents need not be democratically elected local representatives of Member Authorities and shall not have a vote at the General Assembly.
- 9.4 The President and Vice-Presidents are required to operate in accordance with the Code of Conduct for members of Parliament, members of the House of Lords, for MEPs or for members of the Welsh Assembly.

10 CHIEF EXECUTIVE AND STAFF

- 10.1 There shall be a Chief Executive of the Association (who shall not be a director) appointed on such terms and conditions as agreed by the Leadership Board and such other staff as may be necessary for the purpose of implementing the Association's Objects.
- 10.2 The Association may appoint a secretary on such terms as may be agreed by the Leadership Board.

PART 4 – THE GENERAL ASSEMBLY

11 THE GENERAL ASSEMBLY: INTRODUCTORY PROVISIONS

- 11.1 A reference in these Articles to the **General Assembly** is to the Member Authorities in general meeting or to the general meeting itself, as the case may be.
- 11.2 The General Assembly shall be held on such days and at such places as may be decided by the Leadership Board.
- 11.3 Once each year, the General Assembly will elect the directors as set out in Article 21. This shall be the **Annual Meeting**. Other meetings (known as extraordinary general meetings or EGMs) may be held as required.
- 11.4 The General Assembly shall deal with such business (including at the Annual Meeting) as may be determined by the Leadership Board.

12 CALLING THE GENERAL ASSEMBLY

- 12.1 A General Assembly may be called at any time by the Chief Executive with the approval of the Leadership Board and must be called within 21 days of a written request from Member Authorities representing at least 5% of the total voting rights of all the Member Authorities having a right to vote at general meetings and made in accordance with section 303 of the Companies Act 2006.
- 12.2 The Chief Executive shall:
- 12.2.1 not less than three months before the Annual Meeting, and not less than 28 clear days before each extraordinary general meeting, send to each Member Authority, to their chief executive or clerk, all Leadership Board members and the Association's auditors a notice stating:
- (a) the date, time and place of the meeting (and in the case of an Annual Meeting shall specify the meeting as such); and
- (b) if a special resolution is proposed, the full text of the resolution and that it is a special resolution,
- together with a proxy card; and
- 12.2.2 not less than 10 working days before the Annual Meeting, or extraordinary general meeting, send to each Member Authority Representative appointed by a Principal Council, and publish on the Association's website, an agenda specifying the business to be transacted.
- 12.3 Notice must be given in hard copy form, electronic form or by means of a website, in each case in accordance with the Companies Act 2006.
- 12.4 The accidental omission to give notice of a General Assembly meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice, or a technical defect in the timing or manner of giving such notice of which the directors are unaware shall not invalidate the proceedings of that meeting, shall not invalidate the proceedings at that meeting.

13 ATTENDANCE AND SPEAKING AT THE GENERAL ASSEMBLY

- 13.1 A person is able to exercise the right to speak at the General Assembly when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 13.2 A person is able to exercise the right to vote at the General Assembly when:

- 13.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- 13.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 13.3 The Leadership Board may make whatever arrangements it considers appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 13.4 In determining attendance at the General Assembly, it is immaterial whether any two or more persons attending it are in the same place as each other.
- 13.5 Two or more persons who are not in the same place as each other attend the General Assembly if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

14 QUORUM

- 14.1 The quorum for the General Assembly shall be one-third of the total number of Member Authorities.
- 14.2 No business other than the appointment of the General Assembly Chair is to be transacted at a General Assembly if the persons attending it do not constitute a quorum.

15 CHAIRING THE GENERAL ASSEMBLY

- 15.1 At the Annual Meeting, the President shall chair the General Assembly so as to elect the Chair and thereafter the Chair shall chair the General Assembly. At other meetings of the General Assembly, the Chair, or in his/her absence the senior Vice Chair, or in their absence another Vice Chair or person chosen by the meeting, shall preside. The person presiding as chair of the General Assembly at any time is the **General Assembly Chair**.

16 ADJOURNMENT OF GENERAL MEETINGS

- 16.1 If the persons attending the General Assembly within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the General Assembly Chair must adjourn it.
- 16.2 The General Assembly Chair must adjourn a general meeting if directed to do so by the meeting.
- 16.3 The General Assembly Chair may adjourn a meeting at which a quorum is present if:
 - 16.3.1 the meeting consents to an adjournment; or
 - 16.3.2 it appears to the General Assembly Chair that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 16.4 When adjourning a general meeting, the General Assembly Chair must:
 - 16.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Leadership Board; and
 - 16.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 16.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Association must give at least 7 clear days' notice of it:
 - 16.5.1 to the same persons to whom notice of the General Assembly is required to be given; and

16.5.2 containing the same information which such notice is required to contain.

16.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

17 VOTING AT THE GENERAL ASSEMBLY

17.1 Member Authorities shall be entitled to vote on all matters at the General Assembly as follows:

17.1.1 in areas with both a county and district councils, each district council shall have one vote and the county council shall have votes equal to the number of district councils in its area;

17.1.2 the total number of votes of unitary authorities shall represent the same proportion of the total votes of county and district councils, as the total population of unitary authorities in relation to the total population of county and district councils. Votes shall be allocated between individual unitary authorities on the basis of population bands that are reviewed and determined by the Leadership Board from time to time; and

17.1.3 the population for this purpose shall be as given in the latest figures published by the Registrar General before the convening of each Annual Meeting.

17.2 Welsh Principal Councils in corporate membership shall be entitled to vote only as follows:

17.2.1 On the election of Chair, Vice Chair and Deputy Chair under Article 21.1 and on questions of estimated expenditure and subscriptions, each Principal Council will have one vote.

17.2.2 On non-devolved matters directly relevant to their statutory duties and responsibilities, each Principal Council shall be entitled to the same number of votes as a unitary authority within their population band as determined under Articles 23.1 and 23.2.

17.3 Welsh Member Authorities which are not in corporate membership through the WLGA will have voting rights equivalent to that of a unitary authority within their population band on all matters.

17.4 Where a Member Authority is entitled to more than one vote, then:

17.4.1 the Member Authority Representative(s) appointed by the Member Authority and attending the General Assembly shall be entitled to cast collectively all votes of that Member Authority;

17.4.2 written notice of the intention of those Member Authority Representatives present on behalf of an appointing Member Authority to exercise the votes of those Member Authority Representatives not present (or not appointed) by the same Member Authority must be given to the Chief Executive before the start of the General Assembly. The notice must be from the Member Authority in question; and

17.4.3 it shall be the responsibility of the Member Authority Representatives present to ensure that they are in agreement as to how their Member Authority's votes should be cast.

17.5 In the case of an equality of votes, the General Assembly Chair shall have the casting vote in addition to any vote(s) he or she may be entitled to cast as a Member Authority Representative on behalf of his/her appointing Member Authority.

18 AMENDMENTS TO RESOLUTIONS

18.1 An ordinary resolution to be proposed at the General Assembly may be amended by ordinary resolution if:

18.1.1 notice of the proposed amendment is given to the Association in writing by a person entitled to vote at the meeting at which it is to be proposed not less than 48 hours before the

meeting is to take place (or such later time as the General Assembly Chair may determine);
and

18.1.2 the proposed amendment does not, in the reasonable opinion of the General Assembly Chair, materially alter the scope of the resolution.

18.2 A special resolution to be proposed at the General Assembly may be amended by ordinary resolution, if:

18.2.1 the General Assembly Chair proposes the amendment at the general meeting at which the resolution is to be proposed; and

18.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

18.3 If the General Assembly Chair, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the General Assembly Chair's error does not invalidate the vote on that resolution.

PART 5 – LEADERSHIP BOARD

POWERS AND RESPONSIBILITIES

19 DIRECTORS' GENERAL AUTHORITY AND MEMBER AUTHORITIES' RESERVE POWER

19.1 Subject to these Articles, the directors are responsible for the management of the Association's business for which purpose they may exercise all the powers of the Association.

19.2 The General Assembly may, by special resolution, direct the directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

20 DIRECTORS MAY DELEGATE

20.1 Subject to these Articles, the Leadership Board may delegate any of the powers which are conferred on it under these Articles:

20.1.1 to such Board;

20.1.2 by such means (including by power of attorney);

20.1.3 to such an extent;

20.1.4 in relation to such matters or territories; and

20.1.5 on such terms and conditions,

as it thinks fit.

20.2 If the Leadership Board so specifies, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

20.3 The Leadership Board may revoke any delegation in whole or part, or alter its terms and conditions.

APPOINTMENT AND REMOVAL OF DIRECTORS

21 APPOINTMENT OF DIRECTORS

21.1 The General Assembly shall, at the Annual Meeting each year, elect from amongst the Member Authority Representatives:

- 21.1.1 the Chair of the Association;
 - 21.1.2 Vice Chairs of the Association; and
 - 21.1.3 Deputy Chairs of the Association.
- 21.2 Each of the above directors shall be a representative of a political group of democratically elected local representatives, whose share of the weighted electorate exceeds 5% of the total. The largest group at the point of calculating the political balance shall appoint the chair of the Leadership Board (the **Chair**).
- 21.3 The remaining directors are appointed according to proportionality in line with Article 8 (*Political balance*).
- 21.4 The Vice Chair nominated by the second largest group shall be the **Senior Vice Chair**.

22 TERMINATION OF A DIRECTOR'S APPOINTMENT

- 22.1 A person ceases to be a director as soon as:
- 22.1.1 that person ceases to be a Member Authority Representative pursuant to Article 5.5;
 - 22.1.2 the Leadership Board determines that he or she has breached the code of conduct of he Member Authority which appointed him/her;
 - 22.1.3 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - 22.1.4 a bankruptcy order is made against that person;
 - 22.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - 22.1.6 a registered medical practitioner who is treating that person gives a written opinion to the Association stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
 - 22.1.7 notification is received by the Association from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

PART 6 – FINANCE AND DISSOLUTION

23 FINANCE

- 23.1 The Leadership Board shall approve prior to the last day of March in each year a statement of estimated expenditure for the year commencing on the following first day of April.
- 23.2 The subscriptions of Member Authorities for each year commencing 1 April shall be at rates to be determined annually by the Leadership Board.
- 23.3 The annual subscription of each Member Authority shall be calculated according to a formula determined by the Leadership Board, having regard to the allocation of votes as set out in Article 17.1. A maximum subscription for any year shall be set.
- 23.4 The WLGA shall on behalf of Welsh Principal Councils in corporate membership pay a corporate subscription at a rate which reflects the special constitutional position of Wales.
- 23.5 Where one or more Principal Councils that make up a Combined Authority are not Member Authorities, a separate subscription will be charged to that Combined Authority in respect of those Principal Councils.

- 23.6 Subscriptions shall be payable on 1 April in each year.
- 23.7 The Chief Executive shall be responsible for the preparation of an Income and Expenditure Account and Balance Sheet each year, for their examination and certification by independent professional auditors and for the submission of those accounts to the General Assembly.
- 23.8 The Association may invest, lend or otherwise deal with monies not immediately required for its purposes in such manner as may be thought fit by the Leadership Board and may borrow or raise money in accordance with financial regulations agreed by the Leadership Board.
- 23.9 The Association may purchase, take on lease or otherwise obtain land and buildings for use as offices, to provide accommodation for meetings of the Association, for the use of staff and ancillary and related bodies and for the purpose of generating income to support the activities of the Association; and may sell, or otherwise dispose of, such land and buildings all on such terms and in such manner as the Leadership Board considers suitable, and may establish companies for this purpose.

24 MEMBER AUTHORITIES' SCHEME OF ALLOWANCES

- 24.1 The Association shall provide a scheme for the payment of allowances and expenses to Member Authorities appointed to agreed Association roles, in recognition of duties carried out on behalf of the Association (**Scheme of Allowances**).
- 24.2 The Leadership Board will consider annually whether to establish an Independent Panel to review the Scheme of Allowances and to make recommendations for decision by the Leadership Board. An independent review of the Scheme should be carried out at least every 4 years.
- 24.3 The membership of the Panel shall comprise of a minimum of 3 and a maximum of 5 members and be agreed by the Leadership Board. The Chair of the Panel must be independent of the Association and may not be a serving democratically elected local representative. The remaining Panel members may be serving democratically elected local representatives, but must not hold an Association role whilst a member of the Panel.

25 DISSOLUTION

- 25.1 If at any General Assembly where at least two-thirds of Member Authorities are represented a motion for the winding up of the Association is passed by a two-thirds majority, a special resolution must then be put to all Member Authorities for decision via an electronic or postal vote. For the special resolution to be passed, it must be agreed by at least 75% of the votes capable of being cast by all Member Authorities.
- 25.2 If the Association is wound up for any reason, the remaining assets of the Association (if any) shall be distributed to each Member Authority at the date of dissolution (the **Existing Member Authorities**) in proportion to the amount which the total annual subscriptions paid by that Existing Member Authority in the last ten full accounting periods prior to the date when the winding up resolution was passed bears to the total subscriptions paid by all Existing Member Authorities in the same period.
- 25.3 In the event that the Association's assets should prove to be insufficient to discharge its liabilities, Member Authorities and Past Member Authorities (subject to Article 4.6) shall contribute such additional sums as are required to eliminate the deficiency. Where any one or more Existing Member Authorities or Past Member Authorities is/are required to contribute more than its/their proper proportion towards the Association's liabilities, as calculated below, the Existing Member Authorities and Past Member Authorities shall ensure that they pay across to those "over-contributing" such amount(s) as may be required to ensure that all Existing Member Authorities and Past Member Authorities contribute in accordance with this Article 25.
- 25.4 Every Existing Member Authority and Past Member Authority (subject to Article 4.6) shall contribute towards any deficiency in the proportion to which the annual subscription which it was liable to pay in its last year of membership (which in the case of an Existing Member Authority shall be the full accounting year immediately before the accounting year in which the winding up resolution was passed, and in the case of Past Member Authorities shall be the accounting year at the end of which

its membership ceased) bears to the total amount of subscriptions, as so determined, payable by all Member Authorities (both existing and past).

25.5 The liabilities of the Association shall include (without prejudice to the general meaning of "liabilities") the following:

25.5.1 any sums which are or may in the future become due and payable by the Association under the terms of any lease, licence, mortgage, debenture, loan, guarantee, indemnity or any other agreement or arrangement to which the Association is a party and pursuant to which the Association is or becomes indebted;

25.5.2 any sums which are or may in the future become due and payable by the Association:

(a) to an administering authority for the purposes of the local government pension scheme regulations for the time being in force; and

(b) in respect of the Association's liability to pay the amount of any unfunded pension costs rechargeable to the Association. The amount of such unfunded pension costs shall be determined by an actuary acting as an expert and appointed by the Association and whose determination shall be conclusive;

25.5.3 any sums which are or may in the future become due and payable to officers and/or employees of the Association including salary, wages, redundancy, compensation for loss of office or employment or any other benefits (including early retirement packages) to which such officer or employee is or becomes entitled by reason of law or in circumstances where the Association is dissolved, in accordance with the policy of the Association existing at the date of the passing of winding up resolution; and

25.5.4 any sums (whether by way of damages or otherwise) which are or may in the future become due and payable in respect of any liability in law whether in contract, tort or otherwise.

25.6 For the purposes of Article 25.5:

25.6.1 a sum may become due in the future in whatever circumstance including on the dissolution of the Association;

25.6.2 net liabilities shall mean the assets of the Association less "the liabilities" of the Association; and

25.6.3 "the assets of the Association" shall include all legal and equitable interests in any asset whatsoever including fixed, current, tangible and intangible assets.

25.7 In the event of a dispute between an Existing Member Authority or Past Member Authority and the Association as to the amount which the Existing Member Authority or Past Member Authority should contribute or receive under this Article 25 the matter shall be referred to arbitration. Any arbitration shall be conducted in accordance with the Arbitration Rules of the Chartered Institute of Arbitrators. The Arbitrator shall be appointed by the President for the time being of the Institute of Chartered Accountants of England and Wales. In the event that the Arbitrator issues a determination providing that the Existing Member Authority or Past Member Authority is liable to contribute a specified sum under this Article the Existing Member Authority or Past Member Authority shall pay the monies which the Arbitrator determines it ought to pay within seven days of the issue of the award.

25.8 The provisions set out in Articles 25.2 to 25.4 do not apply where dissolution is effected for the purpose of reconstitution or merger.

PART 7 – ADMINISTRATIVE ARRANGEMENTS

26 MEANS OF COMMUNICATION TO BE USED

- 26.1 Subject to the Articles, anything sent or supplied by or to the Association under these Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Association.
- 26.2 Subject to the Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 26.3 A director may agree with the Association that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

27 SEAL

- 27.1 Any common seal may only be used by the authority of the Leadership Board.
- 27.2 The Leadership Board may decide by what means and in what form any common seal is to be used.
- 27.3 Unless otherwise decided by the Leadership Board, if the Association has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 27.4 For the purposes of this Article, an **authorised person** is:
- 27.4.1 any director;
 - 27.4.2 the secretary (if any); or
 - 27.4.3 any person authorised by the Leadership Board for the purpose of signing documents to which the common seal is applied.

28 INDEMNITY

- 28.1 Subject to Article 28.2, a relevant director of the Association or an associated company may be indemnified out of the Association's assets against:
- 28.1.1 any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Association or an associated company;
 - 28.1.2 any liability incurred by that director in connection with the activities of the Association or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and
 - 28.1.3 any other liability incurred by that director as an officer of the Association or an associated company.
- 28.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- 28.3 In this Article:
- 28.3.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
 - 28.3.2 a **relevant director** means any director or former director of the Association or an associated company.

29 INSURANCE

- 29.1 The directors may decide to purchase and maintain insurance, at the expense of the Association, for the benefit of any relevant director in respect of any relevant loss.
- 29.2 In this Article:
- 29.2.1 a **relevant director** means any director or former director of the Association or an associated company;
- 29.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Association, any associated company or any pension fund or employees' share scheme of the Association or associated company; and
- 29.2.3 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

PART 8 - INTERPRETATION

30 INTERPRETATION

- 30.1 In these Articles:

Annual Meeting has the meaning given in Article 11.3

Articles means these articles of Association as amended from time to time

Association means the company governed by these Articles

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

Board means any person, board or committee to whom or which any of the Leadership Board's powers are delegated

Board Standing Orders has the meaning given in Article 7.5

Chair has the meaning given in Article 21.2

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006) in so far as they apply to the Association;

director means a director of the Association, and includes any person occupying the position of director, by whatever name called

document includes, unless otherwise specified, any Document sent or supplied in Electronic Form

electronic form has the meaning given in section 1168 of the Companies Act 2006

General Assembly has the meaning given in Article 11.1

General Assembly Chair has the meaning given in Article 15

hard copy form has the meaning given in section 1168 of the Companies Act 2006

instrument means a document in hard copy form

Leadership Board means the directors of the Association or such of them as are present at a meeting of the directors at which a quorum is present

Leadership Board Standing Orders has the meaning given in Article 7.3

Member Authority has the meaning given in Article 4.1

Member Authority Representative has the meaning given in Article 5

Objects has the meaning given in Article 2.1

ordinary resolution has the meaning given in section 282 of the Companies Act 2006

Past Member Authority has the meaning given in Article 4.4

Scheme of Allowances has the meaning given in Article 24

Senior Vice Chair has the meaning given in Article 21.4

special resolution has the meaning given in section 283 of the Companies Act 2006

WLGA means the Welsh Local Government Association

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, but excluding fax

year means calendar year

- 30.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Association.
- 30.3 A reference to a person shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 30.4 Unless the context otherwise requires:
- 30.4.1 words in the singular shall include the plural and in the plural shall include the singular; and
- 30.4.2 a reference to one gender shall include a reference to the other genders.
- 30.5 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision. A reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 30.6 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 30.7 References to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month.

- 30.8 The expressions **body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the first person) shall be treated as a member of another company or undertaking if:
- 30.8.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
 - 30.8.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
 - 30.8.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

Policy and Resources Committee

Item No 14

Report title:	Internal and External Appointments
Date of meeting:	4 June 2018
Responsible Chief Officer:	Wendy Thomson, Managing Director
Strategic impact	
<p>Appointments to Outside Bodies are made for a number of reasons, not least that they add value in terms of contributing towards the Council's priorities and strategic objectives. The Council also makes appointments to a number of member level internal bodies such as Boards, Panels, and Steering Groups.</p> <p>Responsibility for appointing to internal and external bodies lies with the Service Committees. The same applies to the positions of Member Champion.</p>	

Executive summary

Set out in the appendix to this report are the outside and internal appointments relevant to this Committee together with the current membership.

Recommendation

- **That Members review and where appropriate make appointments to those external bodies, internal bodies and Champions position as set out in Appendix A.**

1. Proposal

Outside Bodies

1.1 The appendix to this report sets out the outside bodies under the remit of this Committee. Members will note that the previous representative is shown against the relevant body. Members are asked to review Appendix A and decide whether to continue to make an appointment, and if so, to agree who the member should be.

Internal bodies

1.2 Set out in Appendix A are the internal bodies that come under the remit of this Committee. There is no requirement for there to be strict political balance as the bodies concerned do not have any executive authority. Appointments are not made on the basis of strict political proportionality, so the Committee may, if it wishes to retain a particular body, change the political makeup. The members shown in the appendix are

those serving on the body in the previous year. Any Member Champion appointments are also shown.

2. Financial Implications

The decisions members make will have a small financial implication for the members allowances budget, as attendance at an internal or external body is an approved duty under the scheme, for which members may claim travel expenses.

3. Issues, risks and innovation

4.1 There are no other relevant implications to be considered by members.

4. Background

4.1 The Council makes appointments to a significant number of internal bodies and external bodies. Under the Committee system, responsibility for these bodies lies with the Service Committees.

4.2 There is no requirement for a member of an internal body to be appointed from the “parent committee”. In certain categories of outside bodies it will be most appropriate for the local member to be appointed; in others, Committees will wish to have the flexibility to appoint the most appropriate member regardless of their division or committee membership. In this way a “whole Council” approach can be taken to appointments.

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:

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**POLICY AND RESOURCES COMMITTEE APPOINTMENTS
2017/18 Appointments Shown**

LOCAL GOVERNMENT ASSOCIATION APPOINTMENTS

1. LGA General Assembly (4)

Cliff Jordan (4 votes)
Alison Thomas (1 vote)
Steve Morpew (1 vote)
Dan Roper (1 vote)

2. County Council Network (4)

Cliff Jordan
Alison Thomas
Steve Morpew
Dan Roper

3. East of England Local Government Association (1) and 1 substitute

Cliff Jordan
Alison Thomas (Sub)

POLICY AND RESOURCES COMMITTEES/ BOARDS/PANELS/GROUPS

1. Joint Consultative & Negotiating Committee (7)

This is a forum for discussion between staff trades unions and the County Council on employment related matters

Deputy Leader
1 Labour (Emma Corlett)
4 Conservative (Andrew Proctor, Tom FitzPatrick, Tony White, Roy Brame)
1 Lib Dem (John Timewell)

2. Member Support & Development Advisory Group (5)

This Group champions Member Development and Member Support.

3 Conservative – Colin Foulger, Greg Peck, Thomas Smith
1 Labour - David Collis
1 Lib Dem – Eric Seward

3. Norse

Shareholder Representative – Karen Vincent

Member Director – Andrew Jamieson (serves on the Norse Group Board, NPS Board and NCS Board).

4. Norse Shareholder Committee (6)

This Committee supports the development of NORSE Group, ensures that the legal and commercial interests of the County Council are considered and protected and advises this Committee accordingly.

Shareholder Representative (Chair)

1 Lib Dem - John Timewell

4 Conservative – Fabian Eagle, Harry Humphrey, Roy Brame, Bill Borrett

1 Labour – Steve Morphew

5. NorseCare Liaison Board (2)

Member Director and the Chairman of Adult Social Care Committee.

6. Strategic Equalities Group

No appointments were made in 2017/18 – The Committee agreed to review in July 2018

7. Treasury Management Panel (5)

1 Labour – Steve Morphew

3 Conservative - Ian Mackie, Brian Iles, Cliff Jordan

1 Lib Dem - Brian Watkins

8. Constitution Advisory Group (5)

3 Cons –Cliff Jordan, Bill Borrett, Judy Oliver

1 Lab – Steve Morphew

1 Lib Dem – Dan Roper

POLICY AND RESOURCES COMMITTEE OUTSIDE BODIES

1. Queen Elizabeth Hospital Trust – Governors’ Council (1)

Sandra Squire

The Trust achieved Foundation Trust status in February 2011, at which time the ‘shadow’ Governors’ Council gained it legal authority. The Governors’ Council totals 33. There are 9 appointed governors, 6 staff governors (3 clinical and 3 non-clinical) and 19 publicly voted governors (9 from West Norfolk, 2 from North Norfolk, 4 from Cambridgeshire, 1 from Breckland, and 1 from South East Lincolnshire and the Rest of England. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

2. Norfolk and Suffolk NHS Foundation Trust – Partner Governor (1)

Bill Borrett

Norfolk and Suffolk NHS Foundation Trust provides mental health services, alcohol treatment, learning disability and eating disorder services across Norfolk and Suffolk. It was formed from the merger of the two former county mental health trusts in the two counties. The Board of Governors represent the interests of the members and partner organisations in the local health economy in the governance the trust, and for sharing information about key decisions with the membership. There is a statutory requirement for Council representation. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

3. Norfolk and Norwich University Hospital Trust – Council of Governors (1)

Shelagh Gurney

The Trust provides the Norfolk and Norwich hospital, providing acute hospital care for almost 1m patients annually. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

4. Council of Governors of James Paget University Hospitals NHS Foundation Trust (1)

Hayden Thirtle

The Governors' Council holds the Board of Directors to account for the performance of the Trust. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

5. Repton Property Development Company Board (2)

The Property Development Company established by the County Council

Brian Iles
Keith Kiddie

6. ESPO Shareholder Representative (1)

John Fisher

Champion: Mental Health – Emma Corlett