

Communities Committee

Report title:	Finance monitoring
Date of meeting:	16 January 2019
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact This report provides the Communities Committee with financial monitoring information for the services reporting to this Committee for 2018-19.	

Executive summary

The services reporting to this Committee are mainly delivered by Community and Environmental Services, but also includes elements of services provided through the Strategy and Governance Department.

The 2018-19 net revenue budget for this committee is £47.314m. The Current Forecast out-turn is £0.617m overspend.

The total capital programme relating to this committee for the years 2018 to 2021 is £17.024m. Details of the capital programme are shown in Section 3 of this report.

The balance of Communities Committee reserves as of 1 April 2018 was £7.466m. The reserves at the beginning of the year included committed expenditure and unspent grant income which was carried forward from 2017/18. Details are shown in Section 4 of this report.

Recommendations:

Members are recommended to:

- a) **Note the 2018-19 revenue budget and forecast out-turn position for this Committee.**
- b) **Note the capital programme for this Committee.**
- c) **Approve the tender evaluation criteria to assess bids to be the construction contractor for the Norwich Castle Gateway to Medieval England project, as set out in Appendix A**
- d) **Delegate the award of the contract for the Norwich Castle Gateway to Medieval England Project, to the Executive Director of CES and Executive Director of Finance and Commercial Services, in consultation with Chair of Communities committee and the chair of the Joint Museums committee.**
- e) **Note the balance of reserves brought forward to 2018-19 and the planned use of reserves for 2018/19.**

1. Proposal

- 1.1. Members have a key role in overseeing the financial position for the services under the direction of this committee, including reviewing the revenue and capital position and reserves held by the service. Although budgets are set and monitored on an annual basis, it is important that the ongoing position is understood, and the previous year's position are considered.
- 1.2. This report reflects the budgets for 2018-19 budget and forecast outturn position

as at the end of November 2018.

2. Evidence

- 2.1. Community and Environmental Services deliver a wide range of services reporting to a number of different committees, EDT, Business and Property, Digital and Innovation and this Committee. Elements of services provided through the Managing Directors office also report into this committee.
- 2.2. The 2018-19 NET revenue budget for this committee is £47.314m.

Table 1: Communities NET revenue budget				
	2018-19 Budget	2018-19 Forecast Outturn	Forecast variance	Actual Spend to Period 8
	£m	£m	£m	£m
Community and Consultation	0.214	0.214	0.000	0.116
Community, Information and Learning	15.736	15.736	0.000	8.432
Culture and Heritage	3.779	3.846	0.067	2.607
Director of Public Health	(0.496)	(0.542)	(0.046)	(5.085)
Equality and Diversity	0.183	0.183	0.000	0.261
Fire Service	28.243	28.839	0.596	17.190
Registrars	(0.345)	(0.345)	0.000	(0.141)
Total for Committee	47.314	47.931	0.617	23.380

- 2.3. Table 1 above reflects the services net revenue budget, details of the Gross budgets are shown in table 2 below:

Table 2	Current year budget	Forecast	Forecast Variance
	£m	£m	£m
Expenditure	109.858	110.388	0.530
Income	(62.544)	(62.457)	0.087
Net	47.314	47.931	0.617

- 2.4. As at period 6 RBOs have identified the following forecast variances:

Table 3		
Service Area	Forecast Variance £m	Narrative

Culture and Heritage	£0.087	Current forecast over spend due to reduced admission fee income over the early part of the year which is due to the good weather.
Culture and Heritage	(£0.020)	Forecast underspend on Salary costs
Director of Public Health	(£0.046)	Forecast underspend on Salary costs
Fire Service	£0.596	Forecast overspend see paragraph 2.5 below.
Net Forecast Overspend	£0.617	

2.5. There are number of pressures currently within the Fire Service:

Table 4:

Previously reported

Variance	Reason for variance	Period 8 variance	Reason for movement
276	Additional cost due to recent peak of activity	296	Revised costs for summer activity
320	Training and Recruits	385	Revised figure for meeting increased training demands for service delivery, recruits salaries
40	Additional cost of training specific to Flood water rescue	70	Increased training cost to maintain team competencies
70	Youth development	146	Revision of income forecasts and one-off termination costs for site closures
706	Total Spend Pressures	897	
-167	Delayed contract payments	-301	One off savings for delayed contract starts for PPE and ICT
539	Net	596	

2.6. The Fire service will continue work to look to reduce the overspend by controlling expenditure wherever possible.

3. Capital budget

3.1. The overall capital budget for the services reporting to this committee is £17.024m. £7.515m is currently profiled to be delivered in 2018-19.

Table 5: Communities Capital programme						
	2018-19 Budget £m	2019-20 Budget £m	2020-21+ Budget £m	Total Programme £m	Actuals to period 8	Forecast Out-turn 2018-19
Norfolk Fire and Rescue Service	2.879	3.913	2.150	8.942	0.251	0.776
Culture and Heritage – Museums	2.505	0.757		3.262	0.321	2.505
Customer Services Strategy	0.165	0.065		0.230	0.081	0.165
E-Commerce Digital Development	0.114	0.003		0.117	0.065	0.114
Single employee portal	0.028	0.261		0.289	0.014	0.028
Libraries	1.624	2.360		3.984	0.523	1.399
Traveller Sites Improvement	0.100			0.100	0.000	0.100
Public Health – reducing domestic violence	0.100			0.100	0.001	0.100
Committee total	7.515	7.359	2.150	17.024	1.256	5.187

3.2. **Norwich Castle: Gateway to Medieval England project**

- 3.2.1. Norfolk Museums Service has recently secured major funding from the Heritage Lottery Fund and other funders for a transformational project that will see the Grade 1 Listed Norman Keep, which is at the heart of the museum, transformed back to its former glory as a royal palace. The project will significantly improve the visitor experience by reinstating the Norman principal floor and making the Keep a more accessible building. A new gallery of medieval object displays will be created within the Keep, in partnership with the British Museum.
- 3.2.2. The works consist of internal and external alterations to the Keep involving the removal of existing floor levels and installation of new floor levels, creation of new gallery space, removal of the existing lift and its replacement with a new lift and stairs to a new roof viewing platform, creation of new and enlarged openings within the Keep walls and development of a bridge-link via the eastern elevation. Internal and external alterations outside the Keep will create new museum and school's entrances, revised access arrangements and new café, shop and reception areas. The works involve the erection of extensions above existing development within the perimeter walls of the Castle and the installation of a further new lift.
- 3.2.3. Norfolk County Council is seeking a building contractor with experience on similar scale schemes and working in occupied Grade 1 Listed public buildings (conservation environments requiring monitoring of noise, vibration, management

of dust and dirt, security), and an understanding of Scheduled Monument Consent requirements for archaeological recording. The principal funder is the Heritage Lottery Fund but there are also a number of other public and private funders.

3.2.4. The intended procurement route and proposed tender evaluation criteria are included in appendix A of this report.

3.2.5. Further details of the Fire service capital programme is included in appendix B of this report.

Items to note are that slippage of £2.1m from 2018-19 to 2019-20 will be required and is mainly attributed to:

- Coltishall training facility (£0.560m) due to planning delay, going to tender in early 2019
- Fire appliance replacement programme (£1.029m) which will now be tendered in early 2019
- NCC swipe access delayed as Fire and Corporate Property prioritise sites for Development (£0.140m)
- Retained alerters, ICT upgrade that is due, but delayed, to be aligned with the east Cost Control project to ensure compatibility with systems (£0.140m)

A number of other projects are now under way but will not complete until 2019-20.

3.2.6. The capital programme is managed over multiple years due the nature of delivery of projects as they can take time to plan and deliver. Budget virements may take place throughout the year to reflect the expected profile of deliver.

4. Reserves 2018-19

4.1. The Council holds both reserves and provisions.

4.2. Provisions are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates which they will arise. The Council complies with the definition of provisions as contained within the CIPFA Accounting Code of Practice.

4.3. Reserves are either reserves for special purposes or to fund expenditure that has been delayed and, in many cases, relate to external Grants and Contributions. They can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.

4.4. Or reserves can be held as General balances, these are not earmarked for a specific purpose. General balance reserves would be held to help the Council to manage unplanned or unforeseen events. This committee doesn't hold any general balances.

4.5. The reserves relating to this committee fall under the definition as per paragraph 4.3 and are held for special purposes or to fund expenditure that has been delayed, and in many cases relate to external grants and contributions.

4.6. A number of the reserve balances relate to external funding where the conditions of the grant are not limited to one financial year and often are for projects where the costs fall in more than one financial year.

4.7. Services continue to review the use of reserves to ensure that the original reasons for holding the reserves are still valid.

4.8. The balance of unspent grants and reserves as at 1 April 2018 stood at £7.466m.

4.9. Table 5 below shows the balance of reserves held and the planned usage for 2018-19.

Table 6: Communities Reserves	Balance at 1 April 2018	Forecast balance 31 March 2019	Forecast Net Change
	£m	£m	£m
Culture, Heritage and Planning			
Income Reserve	(0.163)	(0.163)	0.000
Repair and Renewal Fund	(0.165)	(0.159)	0.006
Residual Insurance and Lottery	(0.183)	(0.176)	0.007
Unspent Grants and Contributions Reserve	(1.491)	(1.061)	0.430
Culture, Heritage and Planning Total	(2.002)	(1.559)	0.443
Head of Support and Development	(0.059)	(0.059)	0.000
Community, Information and Learning			
Income Reserve	(0.114)	(0.114)	0.000
Information Technology	(0.617)	(0.423)	0.194
Repair and Renewal Fund	(0.923)	(0.621)	0.302
Unspent Grants and Contributions Reserve	(0.160)	(0.132)	0.028
Community, Information and Learning Total	(1.814)	(1.290)	0.524
Chief Fire Officer			
EU Regs-Retained fire fighters and P/T Workers	(0.048)	(0.048)	0.000
Fire Pensions Reserve	(0.155)	(0.095)	0.060
Operational Equipment	(0.378)	(0.331)	0.046
Repair and Renewal Fund	(0.456)	(0.484)	(0.028)
Retained Turnout Payments	(0.031)	(0.031)	0.000
Unspent Grants and Contributions Reserve	(0.140)	(0.114)	0.026
Chief Fire Officer Total	(1.208)	(1.104)	0.104
Director Public Health			
Repair and Renewal Fund	(0.040)	(0.040)	0.000
Road Safety Reserve	(0.150)	(0.098)	0.052
Unspent Grants and Contributions Reserve	(1.883)	(2.218)	(0.335)
Director Public Health Total	(2.073)	(2.356)	(0.283)
Registrars - Repair and renewal fund	(0.228)	(0.181)	0.047
Community and Consultation			
Organisational Change and redundancy reserve	(0.075)	(0.075)	0.000
IT reserve	(0.008)	(0.008)	0.000
Community and Consultation Total	(0.083)	(0.083)	0.000
Grand Total	(7.466)	(6.632)	0.834

4.10. Use of reserves

- 4.11. The department will continue to review the delivery of projects and planned use of reserves and will be updated to members as part of this monitoring report.
- 4.12. The current forecast use of reserves is mainly the release of external funding to support the delivery of projects which are delivered over financial years or where

funding has been set aside for specific projects.

5. Financial Implications

- 5.1. There are no decisions arising from this report and all relevant financial implications are set out in this report.

6. Issues, risks and innovation

- 6.1. This report provides financial performance information on a wide range of services in respect of this committee.

Recommendations:

Members are recommended to:

- a) **Notes the 2018-19 revenue budget and forecast out-turn position for this Committee.**
- b) **Note the capital programme for this Committee.**
- c) **Approve the tender evaluation criteria to assess bids to be the construction contractor for the Norwich Castle Gateway to Medieval England project, as set out in Appendix A**
- d) **Delegate the award of the contract for the Norwich Castle Gateway to Medieval England Project, to the Executive Director of CES and Executive Director of Finance and Commercial Services, in consultation with Chair of Communities committee and the chair of the Joint Museums committee.**
- e) **Note the balance of reserves brought forward to 2018-19 and the planned use of reserves for 2018/19.**

Officer Contact

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

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

Appendix A

Procurement route

The project has been developed on the basis of the understood preference for a traditional single stage open tender in accordance with the Public Contracts Regulations 2015 (as amended).

Evaluation Criteria

The tender will be accompanied by the information for qualitative selection and price. The expectation is the quality/price ratio will be 60/70 for quality and 40/30 price. This is still to be finally confirmed.

Applicants will also be required to comply with Minimum Standards including:

- Technical or Professional Ability - including a proven track record and extensive knowledge and experience of providing Building Contractor Services for listed or scheduled historic buildings of scope and scale to the Scope of the works.
- Performance
- References
- Economic & financial Standing
- Health & safety
- Environmental management
- Quality management & capability
- Compliance with Equality legislation

Timetable

A Prior Information Notice has been published to engage with the market place and a supplier engagement event is to be held on the 14 January 2019.

The indicative date of contract notice publication is early March 2019.

The indicative date for award of contract is the end of May 2019

Value

The Prior Information Notice total estimated value is £8.5million excluding VAT

Appendix B

	Total Budget	Budget 2018/19	Budget 2019/20	Budget 2020/21	YTD Actuals	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	Total Forecast	In Year Over/(Under) Spend	Final Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fire Service	8,942	2,879	3,913	2,150	251	776	6,006	2,150	8,932	(2,103)	(9)
FIRE: Premises	553	240	313		50	145	408		553	(95)	
RETAINED station refurbishment	134	34	100		9	35	100		135	1	1
Portable Generators	51	51			1	10	40		50	(41)	(1)
North Lynn Improvements	110	110			3	50	60		110	(60)	
NCC swipe card access Fire premises	150	10	140			10	140		150		
Fire alarms and monitoring Fire premises	73		73		37	40	33		73	40	
North Earlham Access improvements	35	35				0	35		35	(35)	
FIRE: Major Schemes	68	68			24	24	44		68	(44)	
Downham Market Station Rebuild	68	68			24	24	44		68	(44)	
FIRE: Training	621	621			61	61	560		621	(560)	
Real Fire Training Unit	621	621			61	61	560		621	(560)	
FIRE: Operational Assurance & Resilience	1,013	663	200	150	62	288	565	150	1,003	(375)	(10)
Flood Rescue VPE (Lightweights)	68	68				68			68	0	
WATER RESCUE – DEFRA grant funding	93	93				0	93		93	(93)	
MTFA equipment HO grant	21	21				0	21		21	(21)	
Fire Drone purchase	21	21			1	11			11	(10)	(10)
Critical equipment replacement program.	670	320	200	150	61	209	311	150	670	111	
Fire Retained Alerter Equipment	140	140				0	140		140	(140)	
FIRE: ICT Services	308	108	200		5	108	200		308		
Fire Control move - ICT systems	208	108	100		5	108	100		208		
Fire Hydrant Asset Management System	100		100				100		100		
FIRE: Fire Vehicles	6,379	1,179	3,200	2,000	49	150	4,229	2,000	6,379	(1,029)	
Aerial Ladder Platform N Earlham FS	279	279				150	129		279	(129)	
Fire vehicle replacement program.	6,100	900	3,200	2,000	49		4,100	2,000	6,100	(900)	