

Policy and Resources Committee

Date: **Monday, 26 November 2018**

Time: **2 pm**

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

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

Membership

Mr A Proctor (Chairman)

Mr B Borrett
Ms E Corlett
Mr S Dark
Mrs M Dewsbury
Mr T FitzPatrick
Mr S Morphew

Mr R Oliver
Mr G Plant
Mr D Roper
Mr E Seward
Mr B Stone
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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A g e n d a

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

2. Minutes

To agree the minutes from the meeting held on 29 October 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 22 November 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 22 November 2018**. For guidance on submitting public question please view the Constitution at Appendix 10.

Section A – Items for Discussion and Decision/Action

7 Brexit Implications for the County Council

Note: This item has been withdrawn from the agenda until the following meeting when the national position becomes clearer.

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|----|--|------------|
| 8 | Transition from a Committee to an Executive Leader and Cabinet system of governance
Report by Chief Legal Officer | (Page 17) |
| 9 | Implications of the Autumn Budget 2018
Report by Executive Director, Finance and Commercial Services | (Page 76) |
| 10 | Finance Monitoring Report
Report by Executive Director, Finance and Commercial Services | (Page 84) |
| 11 | Delivering Financial Savings 2018-19
Report by Executive Director, Finance and Commercial Services | (Page 130) |
| 12 | Mid-Year Treasury Management Monitoring Report 2018-19
Report by Executive Director, Finance and Commercial Services | (Page 147) |
| 13 | Norfolk Business Rates Pool Annual Report 2017-18 and 2019-20 Business Rates Pilot Bid
Report by Executive Director, Finance and Commercial Services | (Page 169) |
| 14 | People and Workforce Plan and HR Service Delivery Report
Report by Strategy Director | (Page 175) |
| 15 | Review of Whistleblowing Policy
Report by Chief Legal Officer | (Page 194) |
| 16 | Limited Company Consents
Report by Executive Director, Finance and Commercial Services | (Page 213) |
| 17 | Notifications of Exemptions Under Contract Standing Orders | (Page 217) |

18 Appointments to Outside Organisations – Urgent Decision

To note that following consultation with Group Leaders, the Managing Director agreed that Cllr Carpenter replaces Cllr Thirtle as the Council's representative on the Council of Governors of James Paget University Hospitals NHS Foundation Trust.

Section B – Item for Report

19 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	1 pm	Conservative Group Room
Liberal Democrats	1 pm	Liberal Democrats Group Room

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 16 November 2018



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Policy and Resources Committee

Minutes of the Meeting Held on 29 October 2018

10:00am Edwards Room, County Hall, Norwich

Present:

Mr A Proctor (Chairman)

Mr B Borrett

Mr S Dark

Mrs M Dewsbury

Mr T FitzPatrick

Mr S Morphew

Mr G Plant

Mr D Roper

Mr B Stone

Mr M Wilby

Substitute Member present:

Mr I Mackie for Mr R Oliver

Mr E Maxfield for Mr E Seward

Mrs C Walker for Ms E Corlett

Also present:

Ms A Kemp

Mr B Spratt

Mr T White

1A Wyndham Northam

1A.1 The Committee stood in silent tribute to the memory of the late Wyndham Northam, a former Chairman of Norfolk County Council for the municipal year 2008/09 who had recently passed away.

Cllr FitzPatrick paid tribute to the work of Wyndham Northam and said that he would be sadly missed by everyone who knew him.

1B Apologies for Absence

1B.1 Apologies for absence were received from Ms E Corlett, Mr R Oliver and Mr E Seward.

2 Minutes

2.1 The minutes of the previous meeting held on 24 September 2018 were confirmed

by the Committee and signed by the Chairman.

3 Declarations of Interest

3.1 There were no declarations of interest.

4 Items of Urgent Business

4.1 There were no items of urgent business.

4.2 The Chairman welcomed students from the UEA journalism school, together with their Lecturer, Clare Precey, on their annual visit to a meeting of the Committee. It was noted that the students would be writing a news story based on today's meeting for their coursework and they might be making an audio or video recording to help them with this exercise.

5 Public Question Time

5.1 There were no public questions.

6 Local Member Issues

6.1 There was one local Member question from Ms A Kemp which can be found together with a supplementary question and the answer given in the meeting at Appendix A to these minutes.

Section A – Items for Discussion and Decision/Action

7 Living Well-Homes for Norfolk

7.1 The annexed report (7) by the Executive Director of Adult Social Services was received.

7.2 The Committee received a report by the Executive Director of Adult Social Services that set out a proposal and business case for accelerating the development of extra care housing in Norfolk that was agreed by Adult Social Care Committee on 8 October 2018. ASCC had agreed the principles of the programme and recommended that Policy and Resources Committee agree that NCC funds capital investment up to £29m over the life of the programme.

7.3 In introducing the report, the Chairman of Adult Social Care Committee said that many older people entered residential care earlier than was necessary. This was partly due to a lack of suitable extra care housing to enable people to maintain their independence in their local communities for longer. Increasing provision of extra care housing to match future demand would deliver a gross £4m revenue saving per year to the County Council, after all units were completed and occupied.

7.4 Members spoke in support of having appropriate supported housing in place in the

right locations, at the right time and with the right characteristics and said that this would go a long way to fulfilling the vision set out in the report of keeping people independent. Members also spoke in support of the data contained in the report being refined in conjunction with the needs of the District Councils and other stakeholders to create area-based plans for each District Council area that could feed into the planning process.

7.5 RESOLVED

That the Policy and Resources Committee agree that NCC funds capital investment up to £29m over the life of the programme.

8 Transforming the system for Special Educational Needs and Disability (SEND) in Norfolk

8.1 The annexed report (8) by the Executive Director of Children's Services was received.

8.2 The Committee received a report by the Executive Director of Children's Services that requested capital and revenue borrowing in the region of £120million to transform the system of support for children with special educational needs and disabilities (SEND) in Norfolk.

8.3 In reply to questions, the Executive Director of Children's Services said that the transformation process would be achieved through the creation of new specialist provision and a programme to dramatically support and challenge mainstream inclusion. The financial impact of where within the wider SEND transformation programme of work the money would be spent in Norfolk would be provided in reports to future meetings of the Children's Services Committee following more detailed planning.

8.4 Members asked for Policy and Resources Committee to also receive regular progress reports and for a county-wide mapping exercise to be undertaken to progress and determine the scale, scope and impact of where the money should be spent.

8.5 A Member expressed concern that spending so much money on special schools could in the long-term create a scenario where children were placed in these schools for financial reasons, rather than because of their needs. This comment was rejected by other Members who pointed out that rising SEND pupil numbers across Norfolk were being seen nationally. They said that this indicated a growing long-term need in Norfolk for more specialist and complex needs provision that necessitated the large amount of money that had to be spent.

8.6 RESOLVED

That Policy and Resources Committee:

- 1. Support and agree that the County Council will make a step-change investment to transform the system for Special Educational Needs &**

Disability (SEND) in Norfolk;

- creating new and expanded provision to meet the needs of all children and young people with SEND
 - enabling children's needs to be met more locally and reducing travel time
 - improving the level of inclusion in mainstream education and supporting schools to achieve positive outcomes for children with special educational needs.
2. To agree capital investment of up to £100million (Phase 1), implemented over a three-year period to establish new specialist provision and to enable plans to return to a balanced budget for High Needs Block and SEN Transport, plus a further estimated £20million for associated residential / outreach and early intervention services, including Preparing for Adult Life (Phase 2).
 3. To approve the initial investment of £4.8m of capital investment in the current financial year (2018/19) to allow the first phase 1 works detailed in paragraph 1.7 of the report to commence as quickly as possible.
 4. Endorse the wider SEND transformation programme of work, to be reported in full to the CS Committee, to improve Education Health & Care Plan performance, mainstream school inclusion and raise overall parental confidence in Norfolk's SEND provision.
 5. Agree the specific location of a proposed new special school in the Great Yarmouth area.
 6. Agree the areas, across the County, for the location of up to 3 new special schools and in excess of 12 new specialist resource bases.
 7. Agree the 3-year programme for capital development of special schools, specialist resource bases and other relevant provision.

9 **Director of Public Health Annual Report 2018: A Health Profile for Norfolk**

9.1 The annexed report (9) by the Director of Public Health was received.

9.2 The Committee received a report by the Director of Public Health that included the Public Health Annual Report 2018, "A Health Profile for Norfolk."

9.3 The Committee's attention was drawn to the following key issues:

- The total population of Norfolk was increasing. Most of the increase in population was in the older age groups, especially in those aged 65 and over.
- Life expectancy had risen, but this increase might now be stalling. There was a significant period where people were living in poor health and this had increased recently for women. From the age of 65 years, on average people would spend about half of their remaining years with ill health.
- Most deaths were in the older old age groups and associated with frailty conditions such as dementia. This changing pattern of health and care needs had significant implications for delivery of health services.
- Leading causes of disability and ill health were back pain, eyesight and hearing problems, skin disorders, migraines, and depression. These

conditions constituted a significant proportion of health and care service needs.

- Mental health conditions especially depression and anxiety constituted a significant burden of ill health.
- Preventable behavioural risk factors had an important impact on ill health. Of concern were the rates of smoking, poor diet, and alcohol consumption.
- High blood pressure was the third leading risk for deaths and disability in Norfolk.
- Life expectancy was lower in more deprived areas. There was nearly 14 years difference in life expectancy for women in areas of West Norfolk and Broadland and just over 13 years difference for men in areas of Great Yarmouth compared to areas of South Norfolk.
- Common causes of death such as heart disease were decreasing, replaced with conditions such as dementia. The way current services were organised with emphasis on clinical specialisms was not well designed to deal with the complex needs of patients. Current models of service provision and end of life care focussed in specialist hospital settings were unlikely to be sustainable.
- Health improvement services needed to be targeted to provide a more holistic approach for an individual with multiple risk factors, focussed in local areas of highest need.

9.4 The Committee asked for a press release to be issued on the findings of the annual report.

9.5 The Chairman of the Adult Social Care Committee sought the support of the Committee to the setting up of a small Member Working Group to work with the Norfolk Health and Wellbeing Board and its partners to examine palliative and end-of-life-care in Norfolk. It was pointed out that the Working Group would be able to examine the often multiple and complex needs of those needing palliative and end-of-life care which were being poorly met by organising services into separate highly specialised services.

9.6 **RESOLVED**

That Policy and Resources Committee support the setting up of a small Member Working Group to work with the Norfolk Health and Wellbeing Board and its partners to examine palliative and end-of-life-care in Norfolk.

RESOLVED to RECOMMEND to FULL COUNCIL:

That Policy and Resources Committee accepts the main population health findings and trends identified in the Director of Public Health's Annual Report for 2018 and recommends that it be endorsed by Full Council.

10 **Finance Monitoring Report**

10.1 The annexed report (10) by the 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 summarised the Period 5 (31 August 2018) forecast financial outturn position for 2018-19, to assist Members to maintain an overview of the overall financial position of the Council.
- 10.3 The Executive Director of Finance and Commercial Services drew Members' attention to the table at paragraph 2.7 of the report. In reply to questions about the budget for Children's Services he said that the forecast overspend was mainly in relation to costs associated with looked after children and children who had a high level of needs. The spending in this area of budgetary activity could get a little worse before it started to show signs of improvement. This issue was of concern to all County Treasurers across the country.
- 10.4 In reply to questions about the HR and Finance Systems Replacement Project, the Executive Director of Finance and Commercial Services said that the procurement process was likely to cost in the region of £500,000. Interest payments were expected to amount to approximately £50,000 a year and would appear in the revenue budget at an interest rate of approximately 2.4% for 50 years. As was usual for projects of this kind this sum could be expected to be written off in 10 years, in line with the asset life of the new system.
- 10.5 In reply to questions about the transparency of the capitalisation of costs currently in revenue budgets, the Chairman said that this was reported regularly to the Committee as part of the in-year underspend in Finance General and did not require more detail.

10.6 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the period 4 forecast general fund revenue overspend of £5.696m (period 4 £5.634m), noting also that Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends;**
2. **Note the forecast General Balances at 31 March 2018 of £19.536m, before taking into account any over/under spends;**
3. **Note the revised expenditure and funding of the current and future 2018-22 capital programme as set out in Appendix 3 of the report;**
4. **Approve additional capital funding for HR & Finance Systems Replacement discovery phase (£0.530m) and Capitalisation of costs currently in revenue budgets (£1.500m) as set out in Capital Appendix 2 paragraph 3 of the report.**

11 **Delivering Financial Savings 2018-19**

- 11.1 The annexed report (8) 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 details of the forecast outturn position in delivering the savings of £29.999m for the year that were agreed by the County

Council as part of the 2018-19 budget setting process. The report commented on the exceptions to successful delivery which were rated RED or AMBER.

11.3 **RESOLVED**

That Policy and Resources Committee note:

- a. **the total projected shortfall of £5.695m in 2018-19, which amounts to 19% of total savings;**
- b. **the budgeted value of 2018-19 savings projects rated as RED of £3.542m, of which £1.057m are forecast to be delivered;**
- c. **the budgeted value of 2018-19 savings projects rated as AMBER of £12.145m, of which £8.715m are forecast to be delivered;**
- d. **the budgeted value of GREEN and BLUE rated projects of £14.312m, where we are forecasting to deliver £14.532m.**
- e. **the forecast changes to assumptions and rescheduling of savings totalling £4.200m in 2019-20, £3.000m in 2020-21 and £2.500m in 2021-22, which have been reflected in budget planning.**

12 **Strategic and Financial Planning 2019 to 2023**

- 12.1 The annexed report (12) by the Executive Director of Finance and Commercial Services and the Strategy Director was received.
- 12.2 The Committee received a report by the Executive Director of Finance and Commercial Services and the Strategy Director that summarised the Council's current budget planning position, including the forecast budget gap for 2019-20 to 2021-22, in support of the development of a robust, balanced budget for 2019-20.
- 12.3 In reply to questions, the Executive Director of Finance and Commercial Services said that the Council could be expected to achieve a balanced budget at year-end. He added that service departments were not being asked to make additional savings at this time.
- 12.4 **RESOLVED**

That Policy and Resources Committee:

With 13 votes in favour and 0 votes against:

1. **Note the content of this report and the continuing progress of change and transformation of the County Council strategy and Norfolk Futures;**
2. **Note the Council's latest budget assumptions and pressures, and the resulting revised forecast budget gap of £45.980m, which has been updated by Policy and Resources Committee to reflect the latest available information and following Service Committee input in October (paragraph 3.4 and table 1 of the report);**

3. **Note the key areas of risk in relation to 2019-22 planning for the Council’s budget, including any additional pressures and the robustness of existing planned savings as set out in table 3 of the report, and that any changes may impact on the overall budget gap and will require additional offsetting savings to be found;**
4. **Note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Finance Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in paragraph 3.13 of the report.**

That Policy and Resources Committee:

5. **With 9 votes in favour and two votes against:
Agree the proposed savings relating to Policy and Resources Committee’s own budgets to be included in budget planning totalling 3.505m for the 2019-20 to 2021-22 budget round as set out in table 4 and paragraph 5.2 of the report, and agree that none of these savings are considered to require consultation as set out in paragraph 5.14 of the report;**
6. **With 9 votes in favour and 4 votes against:
Agree the new 2019-20 to 2021-22 savings that have been recommended by Service Committees as detailed in table 4 and their contribution to the overall budget position;**
7. **With 9 votes in favour and 4 votes against:
Agree the resulting level of savings assumed to be delivered in 2019-20 to 2021-22 based on the planned changes to assumptions and rescheduling of savings and the new savings proposed as set out in table 5 of the report.**

That Policy and Resources Committee with 13 votes in favour and 0 votes against:

8. **Agree that public consultation on budget proposals, including the level of council tax for 2019-20, be initiated for those savings which require it as set out in paragraphs 5.4 to 5.14 of the report;**
9. **Agree the budget planning timetable (section 6 of the report).**

13 Performance and Risk Management

13a Corporately Significant Vital Signs Performance Management Report

- 13a.1 The annexed report (13a) by the Strategy Director was received.
- 13a.2 The Committee received a report by the Strategy Director that presented up to date performance management information for corporately significant vital signs.
- 13a.3 In reply to questions, the Executive Director of Community and Environmental

- Services explained how the data behind the breakdown of figures on apprenticeship starts in Norfolk was collected and the story behind current performance in this area of activity which would continue to be reported to the Committee on a regular basis. He said that he would provide Mrs Walker with further details about the number of people with Learning Difficulties who were undertaking apprenticeships.
- 13a.4 The Committee was of the view that no additional action was needed regarding any of the issues mentioned in the report.
- 13a.5 **RESOLVED**
- That Policy and Resources Committee:**
- Note the performance data and recommended action.**
- 13b **Risk Management**
- 13b.1 The annexed report (13b) by the Executive Director of Finance and Commercial Services was received.
- 13b.2 The Committee received a report by the Executive Director of Finance and Commercial Services that explained the corporate risks with significant changes since the last risk management report in July 2018, and other related matters, following the latest review conducted during September 2018.
- 13b.3 **RESOLVED**
- That Policy and Resources Committee accept the main changes to the corporate risk register since the previous report.**
- 14 **Norse Group Annual report 2017/18**
- 14.1 The annexed report (14) by the Executive Director of Finance and Commercial Services was received.
- 14.2 The Managing Director of the Norse Group Ltd outlined the results of the Norse Group Ltd for the financial year 2017-18 including the on-going growth in the business and the benefits the Company continued to bring to the Norfolk economy.
- 14.3 **RESOLVED**
- That Policy and Resources Committee note the Norse Group annual report for 2017/18.**
- 15 **Annual Review of the Enforcement Policy**
- 15.1 The annexed report (15) by the Executive Director of Community and Environmental Services was received
- 15.2 The Committee received a report by the Executive Director of Community and

Environmental Services that included a revised CES Enforcement Policy (at appendix 1 to the report) with all the proposed changes highlighted in yellow, supported by explanatory notes and a new enforcement protocol for Blue Badge Enforcement.

15.3 **RESOLVED**

That Policy and Resources Committee approve the CES Enforcement Policy (appendix 1 to the report) and its annex documents and agree to the ongoing review of the Policy on an annual basis.

Section B – Items for Report

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

- 16.1 The Chairman briefly updated the Committee on issues which had been considered at meetings of outside bodies and said that he would be meeting with the Norfolk MPs in the next few days to seek further support for fair funding for the County Council.

Appendix A

Question from Alexandra Kemp

“Public Health’s Annual Report places the healthy life expectancy gap for Norfolk men at 14.4 years, for women 19.4 years, and acknowledges higher levels of risk in deprived areas.

As a Member with a ward in a LLSOA within the most 10% deprived in England, South and West Lynn, I am mindful the Marmot Review found health inequalities are largely preventable, but it is not sufficient just to focus on the bottom 10 % because there are poorer outcomes all the way along the social gradient.

Would the Committee pay regard to the risk of families falling though the gap if NCC focuses Children’s Centres only on the most deprived?”

Answer:

There is no direct link between the work of Children’ Centres and our measurements of Life Expectancy.

However, life expectancy is associated with deprivation. Areas of high deprivation are a key factor in the designing of service provision but not the only factor.

We provide a wide range of services that provide support to young families.

Recognising the impact of poverty, we want to develop our approach to achieve equity of outcomes recognising that some need more help than others, an approach Marmot recommends and calls ‘proportionate universalism’.

Our new proposed ECFS model will focus on those that need this extra help and will focus on outcomes. We know that these can be affected by a number of factors such as socio-economic status, maternal health, parenting skills and mental health.

The provision proposed is underpinned by the following drivers:

- More children in early years achieve positive physical, social and emotional developmental milestones (ready to learn/school readiness).
- More parents are supporting their children's learning from birth to aged 5 in the community and at home.
- More children have improved early speech language listening and communication at two years
- More mothers experience positive mental wellbeing during pregnancy and the first two years of their child's life.
- Fewer children experience parental conflict.
- More children remain safely in the care of their families from birth to age 5.

Supplementary Question from Alexandra Kemp:

I ask you to consider 3 things:

1. The health benefit of Surestart Buildings staying in the most deprived 10% of areas like South Lynn, where there is an above average contact with the most disadvantaged families, and where the buildings make the service visible and accessible to those who need them most.
2. The health benefits to parents and children of the free front-door advice service. Parents who become isolated and depressed really value and trust this service funded by NCC because it is non-judgmental and they don't have to be assessed as disadvantaged to access it. But under the proposals they will have to be labelled disadvantaged first to use the service or they will just be able access an internet or telephone-based service which won't be the same. It takes courage to ask for help and we shouldn't be excluding parents.
3. The health benefits to families of being able to attend the free professionally-led support groups. Under the proposals, parents will have to be assessed as disadvantaged before they can use them. They don't want this. They don't want to be put in groups just for families with problems, or to have to set up their own groups and pay to go. Parents can't afford to pay. The peer-to-peer groups were tried but failed in South Lynn. What happens when a parent says to a volunteer " I am afraid to go home tonight because of domestic violence" ? That is a huge burden to place on a volunteer. The Marmot Report said it is not enough to focus help on the most deprived as there is social disadvantage along the social scale.

Reply by the Chairman:

This issue is out to public consultation. The public consultation finishes on 12 November 2018 and a report on the matter will be presented to the Children's Services Committee on 29 January 2019.

The meeting concluded at 11.40 am

Chairman

Policy and Resources Committee

Item No 8

Report title:	Transition from a Committee to an Executive Leader and Cabinet system of governance
Date of meeting:	26 November 2018
Responsible Chief Officer:	Acting Chief Legal Officer

Executive summary

Following the 16 July 2018 meeting of the Policy and Resources Committee, the Cabinet System Member Working Group has agreed the appended draft Articles and Appendices of the new Constitution in readiness for Full Council on 10 December 2018 to decide whether to transition to an Executive Leader and Cabinet system of governance from the AGM of Full Council in May 2019.

The Committee is invited to recommend to Full Council on 10 December 2018:

- A) to change from the current Committee system of governance to an Executive Leader and Cabinet system of governance from the Annual General Meeting of Full Council in May 2019;**
- B) further work to produce the remaining draft Appendices is delegated to the Policy and Resources Committee working through the Cabinet System Member Working Group.**

The Committee is invited to note:

- C) that the final draft of the new Constitution will be returned to its meeting on 25 March 2019 to enable the Committee to recommend the final draft of the new Constitution to Full Council on 15 April 2019.**

1. Background

1.1 The Administration has been clear that it is committed to returning to a Leader and Cabinet executive from the current Committee system as soon as legally possible, subject to a decision of the Council. The earliest that decision can be taken by Council is December 2018.

1.2 The Cabinet System Member Working Group has met twice since the last Policy and Resources Committee meeting in July 2018.

2. Progress

2.1 The Working Group has reviewed and agreed the appended draft of the Articles and Appendices of the new Constitution. The Articles provide the main framework for the Constitution. The two Appendices are the key elements of how the main business of the Council will operate.

2.2 The remaining appendices of the new Constitution are being drafted and will be reviewed and agreed by the Working Group over the coming three months to enable Policy and Resources Committee in March 2019 to recommend to Full Council in April

2019 that the new Constitution be adopted from its Annual General Meeting in May 2019.

3. Recommendations

- 3.1 The Committee is invited to recommend to Full Council on 10 December 2018:
- a) to change from the current Committee system of governance to an Executive Leader and Cabinet system of governance from the Annual General Meeting of Full Council in May 2019;
 - b) further work to produce the remaining draft Appendices is delegated to the Policy and Resources Committee working through the Cabinet System Member Working Group.
- 3.2 The Committee is invited to note:
- c) that the final draft of the new Constitution will be returned to its meeting on 25 March 2019 to enable the Committee to recommend the final draft of the new Constitution to Full Council on 15 April 2019.

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:

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NORFOLK COUNTY COUNCIL

CONSTITUTION

Index

	Item
	Executive Summary
Articles	
1.	The Constitution
2.	Members of the Council
3.	The Public and the Council
4.	The Full Council
5.	Chairing the Council
6.	Overview and Scrutiny Bodies
7.	The Executive
8.	Regulatory and Other Committees
9.	The Standards Committee
10.	Joint Arrangements
11.	Officers
12.	Decision-making
13.	Finance, Contracts and Legal Matters
14.	Review and Revision of the Constitution
Appendices	
10.	Cabinet Procedure Rules
11.	Overview and Scrutiny Procedure Rules

COUNTY COUNCIL CONSTITUTION - EXECUTIVE SUMMARY

1. Introduction

This Constitution reflects the Council's decision on 10 December 2018 to adopt a leader and cabinet form of Executive. It came into effect XX May 2019.

This Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

2. Overview

How the Council operates

The Council is composed of 84 councillors elected every four years. Councillors are democratically accountable to residents of their electoral division. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors have to agree to follow a code of conduct to ensure high standards in the way they undertake their duties. The Standards Committee trains and advises them on the code of conduct.

All councillors meet together as the Council. Meetings of the Council are normally open to the public. Here councillors decide the Council's overall policies and set the budget each year.

How Decisions Are Made

The Executive is part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Leader and up to nine other Councillors whom the Leader appoints. Together they are known as the Cabinet. When major decisions are to be discussed or made, these are published in the Cabinet's forward plan in so far as they can be anticipated. If these major decisions are to be discussed with council officers at a meeting of the Cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall budget and the policy framework. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Overview and Scrutiny

There is a Scrutiny Committee and three Select Committees which together constitute the Council's overview and scrutiny arrangements pursuant to section 21 of the Local Government Act 2000.

The Scrutiny Committee monitors the decisions made by the Cabinet, Officers making executive decisions on delegated authority and other decisions. The Scrutiny Committee can 'call-in' a decision which has been made by the Cabinet but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider the decision.

The Select Committees develop policies and advise the Council or Cabinet on forthcoming decisions. The Select Committees discharge this function through requiring reports to be produced for their consideration, commissioning further work as necessary and reporting to Cabinet and Council.

The Norfolk Health Overview and Scrutiny Committee includes both County and District Councillors and has powers to scrutinise National Health Service bodies in Norfolk. The role and powers exercised by the Norfolk Health and Overview Scrutiny Committee are detailed in **Appendix 4**.

The Council's Staff

The Council employs officers to give advice, implement decisions and manage the day-to-day delivery of its services. Some officers have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A protocol governs the relationship between officers and members of the Council.

The Public's Rights

The public have a number of rights in their dealing with the Council. These are set out in more detail in **Article 3**. Some of these are legal rights, whilst others depend on the Council's own processes.

Where members of the public use specific council services, for example as a parent of a school pupil or as a council tenant, they have additional rights. These are not covered in this Constitution.

Members of the public have the right to:

- vote at local elections if they are registered;
- contact their local councillor about any matters of concern to them;
- obtain a copy of the Constitution;
- attend meetings of the Council and its committees except where, for example, personal or confidential matters are being discussed;

- petition to request a referendum on different form of executive;
- ask questions
- speak at meetings of the Planning (Regulatory) Committee
- find out, from the Cabinet's forward plan, what major decisions are to be discussed by the Cabinet or decided by the Cabinet or officers, and when;
- attend meetings of the Cabinet where key decisions are being discussed or decided;
- see reports and background papers, and any record of decisions made by the Council and Cabinet;
- complain to the Council about any dissatisfaction they have with an action or lack of action by the Council;
- complain to the Ombudsman if they think the Council has not followed its procedures properly. However, they should only do this after using the Council's own complaints process;
- complain if they have evidence which they think shows that a councillor has not followed the Council's Code of Conduct; and
- inspect the Council's accounts and make their views known to the external auditor.

ARTICLE 1 - THE CONSTITUTION

1.1 **Powers of the Council**

Norfolk County Council will exercise all its powers and duties in accordance with the law and this Constitution.

1.2 **The Constitution**

This Constitution, and all its appendices, is the Constitution of the Norfolk County Council.

1.3.1 **Purpose of the Constitution**

The Purpose of the Constitution is to:

- i. enable decisions to be taken efficiently and effectively;
- ii. create a powerful and effective means of holding decision makers to public account;
- iii. ensure that no one will review or scrutinise a decision in which they were directly involved;
- iv. ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;
- v. support the active involvement of the public in the process of local authority decision-making;
- vi. provide a means of improving the delivery of services across Norfolk County Council;
- vii. help councillors represent their constituents effectively; and
- viii. enable the Council to provide clear leadership to the community in partnership with the people of Norfolk, District, Town and Parish Councils, businesses and other organisations.
- ix. to set out the respective responsibilities of members and officers of the Council and how they inter-relate.

1.4 **Application and Review of the Constitution**

Where the Constitution permits the Council to choose between different courses of action, the Council will aim to choose that option which it thinks is closest to the purposes stated above.

The Council will monitor and evaluate the operation of the Constitution as set out in **Article 15**.

ARTICLE 2 – MEMBERS OF THE COUNCIL

2.1 Composition and eligibility

Composition. The Council comprises 84 members, otherwise called councillors. One councillor is elected by the voters of each electoral division in accordance with a scheme drawn up by the Local Government Commission and approved by the Secretary of State. One of the Councillors is elected annually to chair the Full Council meetings and attend to ceremonial duties.

Eligibility. Only registered voters of the county of Norfolk or those living or working there are eligible to hold the office of councillor.

2.2 Election and terms of councillors

The regular election of councillors is held on the first Thursday in May every four years, the next being in 2021. The terms of office of councillors start on the fourth day after being elected and finish on the fourth day after the date of the next regular election.

2.3 Roles and functions of Councillors

The Council has drawn up profiles covering the generic role of a County Councillor and the roles of Councillors who are appointed to specified positions of responsibility. The profiles are set out in the Annex to this Article.

2.4 Rights and duties

(a) Councillors have such rights of access to such documents, information, land and buildings of the Council as are necessary for the proper discharge of their functions and in accordance with the law.

(b) Councillors will not make public information which is confidential or exempt without the consent of the Council or divulge information given in confidence to anyone other than a councillor or officer entitled to know it.

(c) For these purposes “confidential” and “exempt” information are defined in the Access to Information Procedure Rules in **Appendix 13** of this Constitution.

2.5 Conduct

Councillors will at all times observe the Members’ Code of Conduct and the Protocol on Member/Officer Relations set out in **Appendix 18** of this Constitution. The consequences of not complying with the Code and the Protocol are set out in those documents.

2.6 Allowances

Councillors are entitled to receive allowances and reimbursement of expenses in accordance with the Members’ Allowances Scheme set out in **Appendix 19** of this Constitution.

Norfolk County Council – Role Profiles

NORFOLK COUNTY COUNCILLORS

Role and Function

- 1.1 To participate constructively in the good governance of the area and actively encourage community participation in decision making i.e. be an advocate of and for the community.
- 1.2 To collectively be the ultimate policy makers, carrying out a number of strategic and corporate management functions and individually to contribute to the formation and scrutiny of the authority's priorities policies, budget, strategies and service delivery which are reserved to the Council.
- 1.3 To represent effectively the interests of the electoral division for which the councillor was elected and of individual constituents.
- 1.4 To champion the improvement of the quality of life of the community in terms of the environment, economy, education, safety, equity and well-being.
- 1.5 To act as a champion on the Council for specific issues, when required.
- 1.6 To represent the Council effectively when appointed to outside bodies.

All within the knowledge that Norfolk wishes to build:

- Strong and positive relationships within different communities and between people from different backgrounds.
- Accessible and inclusive services, opportunities and information for all, regardless of age, disability, gender, religion or belief, race, sexuality or geographical location.
- A county where people feel safe and free from harassment and can report incidents in the knowledge that issues will be handled sensitively and effectively.
- A workforce and work environment where diversity is valued, where employees are treated fairly on the basis of merit, and where all employees have the opportunity to fully contribute towards the success of the Council.

Key Responsibilities

- 2.1 To represent the community to the authority, through the various forums available and by being effective community leaders.

- 2.2 To fulfil the legal and locally determined requirements placed on an elected Member, including the completion of statutory declarations in a timely manner and compliance with all relevant codes of conduct.
- 2.3 To participate effectively as a Member of any Committee or other body to which the Member is appointed, including related responsibilities for the services falling within its terms of reference and its liaison with other public bodies, and to promote better understanding and partnership working.
- 2.4 To participate in the activities of an outside body to which the Councillor is appointed, providing two-way communication between organisations; and to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and function.
- 2.5 To participate, as appointed, in the scrutiny and development of the services and policies of the authority and their effectiveness in meeting the strategic objectives of the authority and the needs of its residents and to assist individuals or groups to participate in the work of these committees.
- 2.6 To participate in consultative processes with the community and other organisations.
- 2.7 To develop and maintain a working knowledge of the Council's functions and activities, democratic and management arrangements, powers/duties and constraints and to develop good working relationships with relevant Council officers.
- 2.8 To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
- 2.9 To establish effective working relationships with any local Parish or Town Council including attending meetings and explaining the work of the Council.
- 2.10 To establish effective working relationships with District Councillors in the Member's Division.
- 2.11 To establish effective working relationships, as deemed necessary, with other authorities, agencies and organisations whose activities affect the Member's local area including the business, voluntary and community sectors.
- 2.12 To contribute constructively to open government and democratic renewal through active encouragement to the community to participate generally in the governance of the area.
- 2.13 To participate in the activities of any political group of which the Councillor is a member.

- 2.14 To uphold the Council's Constitution, Code of Conduct and ethical standards.
- 2.15 To take advantage of appropriate development opportunities that will help fulfil all the duties above and any special responsibilities allocated to the individual member.

CHAIRMAN OF THE COUNCIL

The Chairman is elected annually by full Council.

Role and Responsibilities

1. To provide civic and ceremonial leadership to the Council and to promote the Council as being at the heart of the community and civic life within Norfolk.
2. To host and attend civic and ceremonial functions.
3. To provide feedback to the Council on matters raised by others while performing the duties of Chairman.
4. To preside impartially over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of councillors and the interests of the community, standing down from the Chair if he/she wishes to participate in a debate as a local member.
5. To ensure that the Council meeting is a forum for the debate of matters of concern to the local community and the place at which members who are not on the executive are able to hold the executive to account.
6. In accordance with the Budget and Policy Framework Rules, and where the Chairman of the Cabinet Scrutiny Committee is unable to act, to decide whether or not a proposed decision which is contrary to the budget and policy framework needs to be taken as a matter of urgency.
7. To be an ex-officio, non-voting member of the Standards Committee.

VICE-CHAIRMAN OF THE COUNCIL

The Vice-Chairman is elected annually by full Council. It is normal practice for the Vice-Chairman in one year to be elected as Chairman in the following year.

Role and Responsibilities in support of the Chairman

1. To provide civic and ceremonial leadership to the Council and to promote the Council as being at the heart of the community and civil life within Norfolk.
2. To host and attend civic and ceremonial functions.

3. To provide feedback to the Council on matters raised by others while performing the duties of Chairman.
4. To preside impartially over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of councillors and the interests of the community, standing down from the Chair if he/she wishes to participate in a debate as a local member.
5. To ensure that the Council meeting is a forum for the debate of matters of concern to the local community and the place at which members who are not on the executive are able to hold the executive to account.
6. In accordance with the Budget and Policy Framework Rules, and where the Chairman of the Cabinet Scrutiny Committee is unable to act, to decide whether or not a proposed decision which is contrary to the budget and policy framework needs to be taken as a matter of urgency.

LEADER OF THE COUNCIL

Key Responsibilities

This role profile should be read in conjunction with the one for Cabinet Members. It identifies the role and responsibilities of the Leader that are additional to those for a Cabinet Member and Group Leader.

1. To provide clear political direction and leadership to the Council, setting standards and expectations and encouraging members to play a full part in the running of the Council and being effective community leaders.
2. To provide leadership to the Norfolk community.
3. To lead the formulation of the County Council Plan and the Council's Service Objectives, providing a strong, fair and visible direction to the Council and in relation to citizens, stakeholders and partners.
4. To Chair the Cabinet and be responsible for its performance.
5. To appoint the Cabinet and Deputy Cabinet Members, designate the portfolio areas and maintain effective working relationships with the Cabinet Members.
6. To delegate executive decision-making to individual members of the Cabinet, Cabinet Committees and officers.
7. To lead in the development of policy, strategy and budget.
8. To report Cabinet's activities to full council, including answering questions from members in relation to business considered by Cabinet.

9. To represent the Council in its relationship with key stakeholders, local, regional and national.
10. To be the primary political spokesperson for the County Council.
11. To promote effective working relationships with the other Group Leaders, including being Chairman of the Group Leaders' meeting.
12. To encourage a culture of learning and development among members, including the active participation of group members in briefings, seminars and other learning and development processes.
13. To provide political direction for the Council's officers and in particular to work closely with the Council Leadership Team, ensuring coordination of the Council's leadership and management.
14. To ensure publication of the County Council Plan.

DEPUTY LEADER OF THE COUNCIL

Role and Responsibilities

1. To provide the Leader of the Council with a dedicated source of assistance in representing the Council to its citizens, stakeholders and partners and in providing political leadership for the Cabinet, the Council and the County.
2. To assist the leader in carrying out the responsibilities set out in the role profile of the Leader.
3. To take day-to-day decisions on behalf of the Leader during his/her absence as notified to the Monitoring Officer.
4. To work with the Leader on budget and policy development.
5. Where the individual is also a portfolio holder, the post holder will perform all those portfolio duties identified in that role profile.

CABINET MEMBER

Key Responsibilities

1. To collectively take executive responsibility, with particular regard to meetings of the Cabinet, for developing and proposing overall strategy, budgets and policy implementation.
2. Lead the development of policies for the delivery of services for their portfolio.
3. To develop expertise and knowledge in their portfolio area.

4. To take such decisions as specified within the Council's Scheme of Delegation.
5. To consult non-executive Members, through the Select Committees and as part of the development and review of policy and report views to the Cabinet, as appropriate.
6. To monitor the performance of services.
7. To be the Council's lead spokesperson for their portfolio.
8. To provide a lead member contact for staff and establish and maintain effective working relationships with the County Leadership Team and other key staff.
9. To establish contacts with other bodies and individuals to exchange views and information and to contribute to partnership working.
10. To attend the Scrutiny Committee and Select Committees, as requested, to discuss decisions taken and to assist the scrutiny and policy development process.
11. To respond to questions relating to their portfolio arising at Council, Cabinet and Committee meetings.

DEPUTY CABINET MEMBERS

Role and Responsibilities

1. To deputise for the relevant Cabinet Member at meetings of the Cabinet and full Council when the Cabinet Member cannot be present and to answer questions at those meetings on behalf of the Cabinet Member.
2. To support the Cabinet Member in undertaking his/her responsibilities effectively.
3. To attend and contribute at meetings and pre-agenda meetings, deputising, answering questions and speaking on behalf of the Cabinet Member where necessary.
4. To represent the relevant Cabinet Member at other appropriate meetings.

5. In the absence of the relevant Cabinet Member to be the Senior Member who a Chief Officer consults under the Constitution in appropriate cases before exercising delegated powers.
6. To undertake specific tasks, research and investigations as directed by the relevant Cabinet member within their areas of responsibility.
7. To attend conferences, seminars and meetings as requested by the Cabinet Member.
8. To keep abreast of current policy and development initiatives.
9. To meet regularly with the relevant Cabinet Member and advise him/her on policy development in relation to decision-making.
10. To meet regularly with relevant senior officers in order to keep fully apprised of relevant service issues and advise the Cabinet Member.
11. To attend regular policy and review meetings with the Cabinet Member and the relevant Chief Officer and senior officers.
12. To liaise with non-executive members in order to ensure that the Cabinet Member is fully aware of issues which are of concern to members.
13. To carry out any other appropriate duties as directed by the relevant Cabinet member.

GROUP LEADER

The Council recognises the key leadership role played by the leaders of all groups on the Council and the importance of their commitment to cross-party working.

Role and Responsibilities

1. To provide the leadership of an opposition party.
2. To be the principal political spokesperson for the Group.
3. To be a representative voice in dealings with government agencies, local authority associations etc.
4. To encourage the highest standards of conduct by members of the Group.
5. To nominate members to serve on Committees, outside bodies etc.
6. To appoint group spokespersons and allocate other responsibilities to group members as appropriate.
7. To assist in ensuring appropriate levels of attendance are maintained by Group members.

8. To encourage a culture of learning and development among members, including the active participation of Group members in briefings, seminars and other learning and development processes.
9. To maintain effective liaison with the other Group Leaders, including being a member of the Group Leaders' meeting.
10. To establish and maintain effective working relationships with the County Leadership Team and other key staff.
11. To meet regularly with relevant senior officers in order to keep fully apprised of relevant service issues.
12. To attend regular policy and review meetings with the relevant Director and senior officers.

CHAIRMAN OF THE SCRUTINY COMMITTEE

The Chairman elected to this post is a not a member of the Administration, elected by the Council

Role and Responsibilities

1. To Chair the Committee's meetings and lead the agenda management processes.
2. To help ensure the Committee's role and activities are understood both within and outside the Council.
3. To act as the Council's lead spokesperson in respect of the Committee's activities.
4. To contribute to the implementation and monitoring of the Committee's decisions.
5. To present reports to full Council and respond to questions on the Committee's work.
6. To carry out the responsibilities of the Chairman of the Scrutiny Committee as set out in the Council Constitution, with regard to urgent decisions.
7. To play a leading role in the continuing development and improvement of scrutiny at Norfolk County Council.
8. To encourage the involvement in overview and scrutiny of all interested parties and stakeholders.

9. To maintain effective working relationships with the Cabinet, Cabinet Members, group spokespersons on the Scrutiny Committee and Select Committees.
10. To maintain effective working relationships with the Council leadership team and other key officers.

ADMINISTRATION SPOKESMAN ON THE SCRUTINY COMMITTEE

Role and Responsibilities

1. To be the Administration Group's spokesperson to the public and press about matters coming before the Committee.
2. To be the primary point of contact for Council staff in respect of the Administration Group's input to work on the Committee.
3. To actively participate in the development and review of the Committee's Work Programme.
4. To actively participate in cross-party pre-Committee meetings.
5. To liaise with and report back to the Administration Group on activities undertaken by the Scrutiny Committee.
6. To maintain effective working relationships with the Chairman of the Committee and the other group spokespersons.
7. To establish effective working relationships with the Council Leadership Team and other key officers.

CHAIRMAN OF SELECT COMMITTEE

Role and Responsibilities

1. To Chair Select Committee meetings effectively, lead the agenda management process and actively participate in any cross-party pre-Committee meetings.
2. To help ensure the Select Committee's role and activities are understood by other members of the Council.
3. To assist and advise on the development of new policy or reviewing current policy, making reports and/or recommendations to the full Council, the Cabinet and/or relevant partners

4. To encourage members to take responsibility for ensuring effective conduct of the Committee's business and the forward work programme.
6. To act as the Council's lead spokesperson in respect of the Committee's activities.
7. To give clear guidance and direction when summing up discussions at meetings of the Committee.
8. To establish effective working relationships with the Cabinet, Cabinet Members, Group Spokesmen on the Select Committee and other Select Committee Chairmen, including co-ordinating work programmes with other Chairmen to ensure there is no duplication of effort
9. To establish effective working relationships with the Council Leadership Team and other key officers.

CHAIRMAN OF PLANNING (REGULATORY) COMMITTEE

Role and Responsibilities

1. To chair the meeting in accordance with the Constitution and the Planning Procedures – Code of Best Practice.
2. To ensure that contributions by the public are made in accordance with the agreed procedure.
3. To guide the Committee to reach decisions based on the information presented to it.
4. To ensure that members' contributions to meetings reflect the standards required under the Council's Planning Protocols.
5. To represent the Council in dealings with the public, media and other bodies in respect of the work of the Committee.
6. To establish effective working relationships with the relevant Chief Officer and other key officers in this service area.

VICE CHAIRMEN OF COMMITTEES

Vice Chairmen are elected by Council.

Role and Responsibilities in support of the Chairmen of the relevant Committees

1. To perform the role and responsibilities of Chairman of the relevant Committee where the Chairman of the relevant Committee is absent.
2. To undertake such roles and responsibilities as may be delegated to them by the Chairman of the relevant Committee which are within scope of the role and responsibilities of the Chairman of the relevant Committee.

OPPOSITION GROUP SPOKESPERSONS

These posts are held by members of each of the political groups on the Council.

The overall role is to provide an effective political counter-balance to the role of the Cabinet Member.

Role and Responsibilities

In respect of activities within the portfolio:-

1. To develop expertise and knowledge.
2. To provide political focus and leadership within the Group.
3. To lead the development of approaches to policy and operational issues, on behalf of the Group.
4. To support the democratic process by ensuring that the activities of the Administration are examined and where necessary challenged.
5. To be the Group's lead spokesperson and first political point of contact within the Group.
6. To keep members of the Group apprised of all relevant information.
7. To establish and maintain effective working relationships with Chief Officers and other key officers.
8. To establish effective working relationships with other Group spokespersons.
9. To establish appropriate contacts with other bodies and individuals to exchange views and learning.
10. To meet regularly with relevant senior officers in order to keep fully apprised of relevant service issues and to advise the Group Leader.

MEMBER CHAMPION

The role of a Member Champion is to provide a member focus and point of contact for a specific area of activity.

The focus of these appointments can be internal – giving a high-level member focus to an area of activity or external – in response to organisations that want to raise awareness/ establish points of contact with local authorities.

Champions encourage people to play a fuller role in the subject area.

1. To work with officers and others in raising the profile of the area of activity.
2. To work collaboratively with the relevant Cabinet Member and Select Committee.
3. To work with other Member Champions, as appropriate.
4. To attend relevant training, learning and development opportunities.

5. To keep apprised of developments and issues.
6. To promote good practice.
7. To keep a watching brief on the Council's levels of performance.
8. To keep members informed of relevant issues and raise awareness.

ARTICLE 3 – THE PUBLIC AND THE COUNCIL

3.1 Public rights

Members of the public have the following rights:

- i. Voting and petitions. People on the electoral roll for Norfolk have the right to vote and sign a petition to request a referendum on different form of executive.
- ii. Information. Representatives of the media and members of the public have the right to:
 - a) attend meetings of the Council, the Cabinet and Council committees, except where confidential or exempt information is likely to be disclosed and the meeting is held in private;
 - b) find out what key decisions will be taken by the Leader and Cabinet and when;
 - c) see agendas for meetings, reports by officers, background papers and records of decisions;
 - d) inspect the Council's accounts and make representations to the external auditor.

Public rights to information are explained in more detail in the Access to Information Procedure Rules.

iii. Participation. The rights of the public to speak and ask questions in meetings are explained in more detail in the Cabinet and Committee Procedure Rules in **Appendices 10 and 9**.

- iv. Complaints. Members of the public have the right to complain to:
 - a) the Council under its complaints scheme
 - b) the Local Government Ombudsman after using the Council's own complaints scheme
 - c) the Monitoring Officer about a breach of the Members' Code of Conduct.

3.2 Responsibilities of the Public

Members of the public must not be violent, abusive or threatening to councillors or officers and must not wilfully harm property owned by the Council, councillors or officers. Anyone causing a disturbance in a meeting will be removed from that meeting. They should also comply with the law and the Council's procedures, in dealing with the Council.

ARTICLE 4 – THE FULL COUNCIL

4.1 Meanings

- i. **Policy Framework.** This means:
 - a) County Council Plan
 - b) New Anglia Strategic Economic Plan
 - c) Annual investment and treasury management strategy
 - d) Joint Health and wellbeing strategy
 - e) Children and young people's strategy
 - f) Adoption statement of purpose
 - g) Fostering statement of purpose
 - h) Adult social care strategy (currently promoting independence)
 - i) Local Transport Plan
 - j) Norfolk County Council Waste strategy and policies
 - k) Minerals and Waste development framework
 - l) Fire and Rescue Integrated Risk Management Plan
 - m) Youth Justice Plan
 - n) Public Health Annual Report
 - o) Asset Management Plan

The Policy Framework to be reviewed annually by the Corporate Select Committee to ensure the list of items remains appropriate.

ii. **The Budget:**

The Budget includes the allocation of financial resources to different services and projects, proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits.

4.2 Functions of the full Council

The full Council will exercise the following functions:

- i. adopt and change the Constitution (except that minor changes and corrections may be made by the Monitoring Officer in accordance with any powers delegated to them);
- ii. approve the annual Council Budget;
- iii. set the limits for virement or other Budget changes by the Leader, the Cabinet, Cabinet Members, Committees or officers.
- iv. set the limits defining key financial decisions.

- v. approve the Policy Framework and the strategies and policies that sit within it;
- vi. determine any decision referred to it by the Scrutiny Committee which is contrary or not wholly in accordance with the Council's Budget or Policy Framework,
- vii. appoint and remove the Leader of the Council;
- viii. approve the Terms of Reference for Committees, deciding on their composition, and making appointments to them;
- ix. appoint the Chair and Vice Chair of Committees;
- x. appoint representatives to outside bodies, unless the appointment is an executive function or has been delegated by the Council;
- xi. adopt a Members' Allowances Scheme and Code of Conduct;
- xii. confirm the appointment of the Head of Paid Service;
- xiii. confirm the appointment of the Returning Officer;
- xiv. make, amend, revoke, re-enact, or adopt byelaws, and promoting or opposing the making of local legislation or personal Bills;
- xv. all other matters which, by law, must be reserved to Council.

4.3 Council meetings

There are three types of Council meeting:

- i. the annual meeting
- ii. ordinary meetings
- iii. extraordinary meetings

and they will be called and conducted in accordance with the Council Procedure Rules set out in Appendix 8.

4.4 Responsibility for functions

The Council discharges other functions through committees and officers. **Appendices XX and XX** set out the committees and officers who discharge those functions. Those Appendices set out all the functions of the Council that are not the responsibility of the Leader and Cabinet.

ARTICLE 5 - CHAIRING THE COUNCIL

5.1 Role and function of the Chairman

The Chairman and Vice-Chairman will be elected by the Council annually.

The Chairman of Council and in his/her absence, the Vice-Chairman will have the following roles and functions:

1. To provide civic and ceremonial leadership to the Council and to promote the Council as being at the heart of the community and civic life within Norfolk.
2. To host and attend civic and ceremonial functions.
3. To provide feedback to the Council on matters raised by others while performing the duties of Chairman.
4. To preside impartially over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of councillors and the interests of the community, standing down from the Chair if he/she wishes to participate in a debate as a local member.
5. To ensure that the Council meeting is a forum for the debate of matters of concern to the local community and the place at which members who are not on the executive are able to hold the executive to account.
6. In accordance with the Budget and Policy Framework Rules, and where the Chairman of the Cabinet Scrutiny Committee is unable to act, to decide whether or not a proposed decision which is contrary to the budget and policy framework needs to be taken as a matter of urgency.
7. To be an ex-officio, non-voting member of the Standards Committee.

ARTICLE 6 – OVERVIEW AND SCRUTINY BODIES

6.1 General

The Council has agreed that Overview and Scrutiny should be exercised through the Scrutiny Committee and three Select Committees.

6.2 Scrutiny Committee

- i. The Council appoints the Scrutiny Committee from among the non-executive Members of the Council to review or scrutinise decisions made or other action taken in accordance with:
 - a) any functions which are the responsibility of the Executive, including decisions made/actions taken directly by the Executive itself and those decisions/actions delegated to Chief Officers and individual members of the Executive; and
 - b) any functions which are not the responsibility of the Executive.
- ii. The Scrutiny Committee may make reports or recommendations to either the Cabinet or to the County Council with respect to:
 - a) the discharge of any functions which are the responsibility of the Executive;
 - b) the discharge of any functions which are not the responsibility of the Executive; or
 - c) matters which affect Norfolk or its inhabitants.
- iii. The Scrutiny Committee:
 - a) exercises overall responsibility for the resources made available to it by the Council;
 - b) conducts its proceedings in accordance with the additional Overview and Scrutiny Procedure Rules set out in **Appendix 11**.

6.3 Membership of the Scrutiny Committee

- i. The Committee comprises 13 members of the Council who are not members of the Executive, 2 Parent Governor representatives and 1 representative of each of the Church of England and Roman Catholic Diocesan Boards. The Council Members will be appointed to reflect the political balance requirements.
- ii. The Committee will be chaired by a member of the Opposition Groups on the Council who will be appointed by the Council and who will normally be the Leader of the main Opposition Group on the Council.
- iii. The Parent Governor and Church representatives are entitled to speak on all matters considered by the Scrutiny Committee but vote only on matters relating to education.
- iv. The quorum for meetings of the Scrutiny Committee is 7.

6.4 Powers of the Scrutiny Committee

- i. In carrying out its powers of review and scrutiny the Scrutiny Committee will take into account the desirability of co-ordination and avoiding duplication with the work of the County Council's Select Committees.
- ii. The Scrutiny Committee has the power to 'call-in' for scrutiny all decisions made by the Cabinet but not implemented and recommend that they are reconsidered or be reviewed or scrutinised by the full Council.
- iii. The Scrutiny Committee should only use the power to refer matters to the full Council:
 - a) if the Committee considers that the decision is contrary to the policy framework; or
 - b) if the Committee considers that the decision is contrary to or not wholly in accordance with the budget.

Any called-in matters that are considered by full Council under this arrangement will be dealt with in accordance with the full Council procedure rules rather than the scrutiny procedure rules. This means that all members of the Council may participate, the debate will be chaired by the Chairman of the County Council, and there will be no opportunity to question officers.
- iv. The Scrutiny Committee also has the power to 'call-in' for scrutiny any key decisions (as defined in **Article 13**) which are the responsibility of the Executive but taken by an individual Cabinet Member or Officer on the Executive's behalf. The Committee may recommend that the decisions are reconsidered by the person or body which made the decision.
- v. The call-in power is to be taken in accordance with the County Council's system for the call-in of decisions, as follows:
 - a) any Member of the Council, with the support of three other Members must give notice within five working days of a meeting of the Cabinet or, if the decision is taken by an individual Member or Chief Officer, within five working days of the decision being published under the Access to Information Procedure Rules in **Appendix XX**;
 - b) where education matters are involved, the Parent Governor and Church representatives together count as one Member;
 - c) a Member who has called in a decision may participate in the debate of that call-in by the Scrutiny Committee, irrespective of whether they are a Member of the Scrutiny Committee;
 - d) The call-in procedure will not apply to urgent decisions. In this respect:
 - in deciding the urgency of key decisions, the procedure in Paragraphs 1.8 and 1.9 of the Access to Information Procedure Rules will apply;
 - in deciding the urgency of decisions which are contrary to the Budget and Policy Framework, the procedure in Paragraph 1.9 of the Budget and his/her Policy Framework Rules will apply;
 - in all other cases the final decision as to whether a decision is urgent will rest with the Managing Director or in his/her absence the Monitoring Officer. For this purpose, an urgent decision is one which

cannot reasonably wait until the full call-in process would otherwise have been completed.

- vi. In order to enable it to exercise its powers, the Scrutiny Committee may:
 - a) require the Leader, Cabinet Members and Officers to attend before it and answer questions; and such members and officers will attend unless reasonably prevented from doing so;
 - b) invite any other person to attend its meetings and answer questions but may not require them to do so; *
 - c) question and gather evidence from any person with their consent;
 - d) commission reports from officers;

*N.B. Reasonable travel expenses are payable on request to members of the public and to members of voluntary organisations who are invited to attend meetings

6.5 Select Committees

- i. The Council has appointed three Select Committees from among the non-executive Members so that their areas of responsibility cover all the main services of the Council. These Select Committees are:
 - a) People and Communities Committee
 - b) Infrastructure and Development Committee
 - c) Corporate Committee
- ii. The Select Committees may within their areas of responsibility consider proposed decisions to be made other action taken in connection with:
 - a) any functions which are the responsibility of the Executive; and
 - b) any functions which are not the responsibility of the Executive.
- iii. The Select Committees may within their areas of responsibility make reports or recommendations to either the Leader, the relevant Cabinet Member, the Executive or the County Council with respect to:
 - a) the discharge of any functions which are the responsibility of the Executive;
 - b) the discharge of any functions which are not the responsibility of the Executive; or
 - c) matters which affect Norfolk and its inhabitants.
- iv. Each Select Committee also has the following roles within its area of responsibility:
 - a) assist and advise the Council Leader and the Cabinet in the development of the policy framework
 - b) review the performance of the Executive in relation to its policy objectives and performance targets
- v. Select Committees must be mindful as to avoid duplication with the work undertaken by the Scrutiny Committee.

- vi. Select Committees do not have the power to 'call-in' decisions made but not implemented.
- vii. Select Committees will conduct their proceedings in accordance with the **Appendix 10**.
- viii. Any reports and recommendations made by Select Committees will include any dissenting views

6.6 Membership and Areas of Responsibility of Select Committees

- i. The Select Committees have the following membership and areas of responsibility:

People and Communities Committee

13 members

Remit: The People and Communities Select Committee is aligned to people orientated services which are based on individual need. These services are predominantly for children and adults but also include other services that contribute to our residents' well-being.

The Committee supports the Cabinet and Council in its work with adults and older people with disabilities; services for young people who are vulnerable and improving educational attainment together with services to improve the wellbeing of our residents such as Arts and Culture, Public Health and Adult Education.

Infrastructure and Development Committee

13 members

Remit - The Infrastructure and Place Select Committee is aligned to the physical, geographical and economic services we provide to our residents. These services relate to the entire community both at whole County level and at neighbourhood level and take a strategic approach to prevent the fragmentation of service provision that leads to gaps or duplication of effort.

The Committee supports the Cabinet and Council in its work on transport, environmental services and growing the local economy to enable our residents to live in resilient, prosperous, safe and sustainable communities with the facilities and infrastructure they need.

(3) Corporate Committee

13 members

Remit: The Corporate Select Committee is aligned to the overall governance, resources and assets of the Council.

The Committee supports the Cabinet and Council in ensuring good governance and that the resources and assets are used as efficiently and effectively as possible and that as a result the Council minimises risk, is resilient, takes

advantage of opportunities arising from new technology and communicates effectively with its residents and stakeholders.

The Committee Select Committee shall also review the content and operation of the Constitution at least annually and at the request of the Council or the Chief Legal Officer, to ensure it remains fit for purpose as set out in Article 1 of this Constitution.

- i. Cabinet Members may attend and speak at meetings of the Select Committees. Cabinet Members attend to provide input into discussions on policy development and respond to questions raised during Select Committee meetings.
- iii. The quorum for meetings of Select Committees is 7.

6.7 Powers of Select Committees

- i. To enable them to exercise their powers each Select Committee may within their areas of responsibility:
 - a) review matters which are not the responsibility of the Council but which affect the social, environmental and economic well-being of the inhabitants of Norfolk;
 - b) require the appropriate Cabinet Members and Officers to attend before it and answer questions; and such members and officers will attend unless reasonably prevented from doing so;
 - c) question and gather evidence from any person with their consent;
 - d) commission reports from officers.

ARTICLE 7 - THE EXECUTIVE

This Part of the Constitution records the arrangements made by the Leader for the allocation of responsibilities and the discharge of executive functions by him/her, Cabinet Members and officers. Wherever arrangements are not specifically made for the discharge of executive functions by Cabinet Members or officers, those functions remain with the Leader. The Leader may make new arrangements for the discharge of executive functions by Cabinet Members or officers at any time on either a temporary or permanent basis

7.1 Role

The Executive will carry out all the Council's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution.

7.2 Form and composition

The Executive will consist of the Leader together with at least 2, but not more than 9, councillors appointed to the Executive by the Leader.

7.3 Leader

- i. The Leader will be a councillor elected to the position of leader by the Council. The leader holds office until the next election of all Members of the Council unless he/she:-
 - a) resigns from the office; or
 - b) is no longer a councillor; or
 - c) is removed from office by resolution of the Council following a recommendation to that effect by the Standards Committee or following a change in political control of the Council; or
 - d) is removed from office by resolution of the Council following his/her removal from the position of Leader of his/her Group.
- ii. In the period between a Council election and the date when a new Leader is elected, decisions which are the responsibility of the Leader and Cabinet or individual members of the Cabinet will be taken by the Managing Director in consultation with:-
 - a) the Leader of the Group with an overall majority of seats; or
 - b) in the event of there being no Group with an overall majority of seats, with all Group Leaders.

7.4 Deputy Leader

- i. The Leader will appoint one of the Members of the Cabinet as his/her Deputy. The Deputy Leader may take day to day decisions on behalf of the Leader during his/her absence as notified to the Monitoring Officer (or if the absence is unforeseen, as confirmed by the Managing Director). The Deputy may not vary the arrangements made by the Leader under Articles 7.4 to 7.8 inclusive, or alter any arrangements made by the Leader under this Constitution for the exercise of executive functions, except for:-
 - a) changes consequent upon the dismissal of a Leader during the period until a new Leader is elected; or
 - b) where, in the opinion of the Managing Director, the Leader is incapacitated for such a period of time that the efficient operation of the Council would be significantly impaired.

7.5 Other executive members

- i. Other executive members must be elected Members of the Council appointed to the Cabinet by the Leader. They hold office for a period determined by the Leader, which must terminate no later than the next election of all Members of the Council, unless:-
 - a) they resign from office; or
 - b) they are no longer councillors; or
 - c) they are removed from office by the Leader who must give written notice of any removal to the Member concerned and the Managing Director. The removal will take effect upon receipt of the notice by the Managing Director; or
 - d) the Council removes them from office by resolution following a recommendation to that effect by the Standards Committee.

7.6 Proceedings of the Cabinet

Proceedings of the Cabinet will take place in accordance with the Cabinet Procedure Rules set out in **Appendix 10**.

7.7 Responsibility for functions

The exercise of functions which are the responsibility of the Executive will be determined by the Leader. In this respect, the Leader may arrange for functions to be exercised by individual members of the executive (including the Leader) and officers or joint committees.

The Leader will maintain lists as set out in **Appendices 3, 4 and 5** setting out which individual members of the executive, officers or joint arrangements are responsible for the exercise of particular executive functions.

The Leader will also designate the general areas of responsibility of the individual members of the Cabinet and list these responsibilities in **Appendix 3**.

7.8 Deputy Cabinet Members

The Leader may appoint non-executive Members as Deputy Cabinet Members to advise and assist Cabinet Members and who may deputise for the relevant Cabinet Member in his/her absence in accordance with the Cabinet Procedure Rules as set out in **Appendix 10**. Such Members may not discharge any function given to the Cabinet Member and are not members of the Executive.

7.9 Terms of Reference of the Cabinet

- i. The Leader has arranged for the Cabinet to exercise the following functions which are the responsibility of the Executive;
 - a) to exercise all the executive functions of the Council except to the extent that they are reserved to the full Council, exercisable by other Committees or exercisable by individual members of the Executive or Chief or other Officers under delegated powers.
 - b) to prepare, for adoption by the Council, the budget and the plans which fall within the policy framework.
 - c) to make recommendations to the Council on matters reserved to the Council.
 - d) to exercise the following “local choice” function:
 - placing staff at the disposal of other authorities where the placement is in connection with functions exercised by the Executive
 - e) to establish appropriate arrangements for the delivery of cross-cutting/cross-departmental functions.
 - f) to receive reports and recommendations from the Scrutiny Committee and Select Committees.
- ii. The Leader will not arrange for the powers set out in paragraph 7.9 (i) above to be exercised otherwise than by the Cabinet without first consulting the Cabinet, except:
 - a) in the case of urgency; or

- b) in the case of the initial delegations set out in **Appendices 3, 4 and 5** contained within the Constitution approved by the County Council at its meeting on XX May 2019.
- iii. In the case of urgency, the Leader may exercise the powers set out in paragraph 7.9 (i) above subject to compliance with the Call-In Procedure, the Budget and Policy Framework Procedure Rules and the Access to Information Procedure Rules.
- iv. In the case of urgency, the Managing Director may, in the absence of the Leader and Deputy Leader, exercise the powers set out in paragraph 7.9(i). above, subject:-
 - a) to having first consulted the relevant Cabinet Member or, in his/her absence, the relevant Deputy Cabinet Member or Cabinet Support Member, and
 - b) to compliance with the Call-In Procedures, the Budget and Policy Framework Procedure Rules and the Access to Information Procedure Rules.

7.10 Details of Cabinet Members

Details of the Cabinet Members are set out in **Appendix 20**.

ARTICLE 8 - REGULATORY AND OTHER COMMITTEES

8.1 Regulatory and other committees

The Council appoints committees to discharge functions which are not the responsibility of the Executive as set out in Appendix 2 of this Constitution.

The Member representation on these Committees and panels is politically balanced in accordance with the requirements of the Local Government and Housing Act 1989.

ARTICLE 9 - THE STANDARDS COMMITTEE

9.1 Standards Committee

The Council has established a Standards Committee to support the proper conduct of the Council's business by Members.

9.2 Composition

The Standards Committee is composed of seven non-executive councillors appointed on a politically balanced basis.

9.3 Role and Function

1. The general functions of the Committee are to:
 - (a) promote and maintain high standards of conduct by members and co-opted members of the Council
 - (b) assist members and co-opted members of the Council to observe the Council's code of conduct.
2. The specific functions of the Committee are to:-
 - (a) advise the Council on the means of carrying out the general functions in para 1
 - (b) advise the Council on the adoption and revision of codes of conduct for members and officers
 - (c) monitor the operation of the Council's code of conduct
 - (d) advise and arrange training for members of the Council and co-opted members on matters relating to the Council's code of conduct for members
 - (e) arrange for Councillors and co-opted members to receive dispensations to speak on, and participate in matters in which they have a prejudicial interest
 - (f) receive and consider the findings and recommendations of the Monitoring Officer and/or Independent Person in relation to alleged breaches of the Code of Conduct and make subsequent recommendations to either full Council or Group Leaders.
 - (g) consider other matters relating to conduct, ethics and propriety referred to it by the Monitoring Officer including breaches of Protocols contained in this Constitution and to make recommendations arising from this consideration to either the full Council or Group Leaders as the Committee considers appropriate.

ARTICLE 10 - JOINT ARRANGEMENTS

10.1 Arrangements to promote well being

The Council, in order to promote the economic, social or environmental well-being of its area, may:

- (a) enter into arrangements or agreements with any person or body;
- (b) co-operate with, or facilitate or co-ordinate the activities of any person or body;
- (c) exercise on behalf of that person or body any functions of that person or body

10.2 Joint Arrangements

The County Council has made joint arrangements with one or more other local authorities under Section 101(5) of the Local Government Act 1972 for the exercise of certain of its functions. These arrangements are described in **Appendix 4**.

10.3 Joint Committees

The County Council also appoints with those other authorities Joint Committees to exercise these functions. The membership, terms of reference and functions of these Joint Committees and the rules governing the conduct and proceedings of their meetings are also described in **Appendix 4**.

10.4 Delegation to and from other local authorities

- (a) The Council may delegate functions to another local authority or, in certain circumstances, the executive of another local authority.
- (b) The decision whether or not to accept such a delegation from another Local authority shall be reserved to the full Council.

10.5 Joint arrangements with other public Bodies

Under Section 75 National Health Service Act 2006, Section 10 of the Children Act 2004 and the Health and Social Care Act 2012, local authorities, national health bodies and a number of other bodies have powers to delegate the exercise of some of their functions to each other and to co-operate in the exercise of their functions.

ARTICLE 11 - OFFICERS

11.1 Management Structure

- (a) **General.** The Council engages such officers as it considers necessary to carry out its functions including the following Statutory Officers:-

Head of Paid Service (Functions undertaken by Managing Director)
Chief Finance Officer (Functions undertaken by Executive Director, Finance and Commercial Services)
Monitoring Officer (Functions undertaken by Chief Legal Officer)
Director of Children's Services (Functions undertaken by Executive Director of Children's Services)
Director of Adult Social Services (Functions undertaken by Executive Director of Adult Social Services)
Chief Fire Officer
Director of Public Health (DPH)

- (b) **Structure.** The number and responsibilities of Chief Officers are determined by the Council on the advice of the Head of Paid Service who is the Managing Director. The Managing Director is accountable to the Executive and to the Council on the manner in which the discharge of the Council's functions is coordinated. A description of the overall departmental structure of the Council showing the management structure and deployment of officers is set out in **Appendix 21**.

- (c) **Managing Director and Chief Officers.** The most senior posts in the structure are designated as the Managing Director and Chief Officers. They are responsible for the day-to-day managerial and operational decisions within the Council and provide support to all Members in their several roles.

(d) **General Role**

The roles of the Managing Director and Chief Officers are:

- (i) to support and advise the Council, Executive, Scrutiny Committees and other Committees on policy and service delivery in order that Members' decisions are well informed.
- (ii) to ensure that the policies and decisions of the Council and Executive are formulated and delivered effectively and efficiently
- (iii) to provide strong managerial leadership and direction, foster cross-departmental working and implement organisational improvement
- (iv) to set high standards and drive up the performance, effectiveness and reputation of the Council

- (v) to work with outside bodies and access additional funds and resources in order to support the Council's programmes of work
- (vi) to recruit, develop, motivate and inspire staff

(e) Specific roles

The specific roles of the Managing Director and the individual Chief Officers are:

Managing Director	Head of Paid Service. Overall corporate management and operational responsibility. Provision of professional advice and support to members of the council. Representing the council on external and partnership bodies.
Executive Director of Children's Services	Statutory functions in respect of Children's Services. Education of children and young people. Children's Early Help, Social and Welfare Services for Children and vulnerable young people.
Executive Director of Community & Environmental Services	Public Health, Environment and Waste, Highways and Transportation, Economic Development, Fire and Rescue, Trading Standards Emergency Planning, Customer Services, Cultural Services, Adult Education, Broadband Delivery Project. Drug and Alcohol Commissioning.
Executive Director of Adult Social Services	Statutory functions in respect of Adult Social Services, Adult Social Work, Integrated Health and Social Care, Commissioning.
Executive Director, Finance and Commercial Services	Statutory responsibilities of the Chief Finance Officer (Section 151 officer) Budgeting and Financial Management, Exchequer Services, Pensions, Investment and Treasury Management, Risk & Insurance, Property, Audit. ICT and Procurement and Transactional Services.

(f) Chief Officers Group

In addition to the individual responsibilities in Paragraph (e) above, the Managing Director, Chief Officers and the Strategy Director, will form the County Leadership Team which, acting together and corporately, will:-

- (a) advise on draft policies for consideration by the Executive;
 - (b) work closely with the Executive in developing policies;
 - (c) be the primary mechanism for collectively ensuring the delivery of the Council's corporate policies.
- (g) **Head of Paid Service, Monitoring Officer and Chief Financial Officer.** The Council has designated the following posts as shown:

Managing Director	Head of Paid Service
Executive Director, Finance and Commercial Services	Chief Finance Officer
Chief Legal Officer	Monitoring Officer

These posts will have the functions described in Article 11.2 to 11.4 below.

11.2 Functions of the Managing Director as Head of Paid Service

As Head of Paid Service:-

- (1) The Managing Director has the following roles:
 - (a) overall corporate management and operational responsibility (including overall management responsibility for all staff)
 - (b) the provision of professional advice to all parties in the decision making process (the executive, scrutiny, full Council and other committees)
 - (c) together with the Chief Legal Officer, responsibility for a system for record keeping for all the local authority's decisions (executive or otherwise)
 - (d) representing the Council on partnership and external bodies (as required by statute or the Council)
- (2) The Managing Director will report to the Council on:
 - (a) the manner in which the discharge by the authority of its functions is co-ordinated
 - (b) the number and grades of staff required by the authority for the discharge of its functions
 - (c) the organisation of the authority's staff

- (d) the appointment and proper management of the authority' staff.

11.3 Functions of the Chief Legal Officer as Monitoring Officer

As Monitoring Officer the Chief Legal Officer will:

- (1) Maintain an up-to-date version of the Constitution and will ensure through the Head of Democratic Services that it is widely available for inspection by Members, officers and the public.
- (2) After consulting with the Managing Director and the Head of Finance report to the full Council, or to the Executive in relation to an executive function, if he/she considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered.
- (3) Contribute to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee.
- (4) Ensure that records of executive decisions, including the reasons for those decisions and relevant officer reports and background papers, are made publicly available.
- (5) Advise whether decisions of the executive are in accordance with the Budget and Policy Framework.
- (6) Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.
- (7) Establish and maintain the register of members' interests described in **Appendix 23** and ensures it publicity and updating.

Appendix 24 is a protocol which explains the role and function of the Monitoring Officer and the arrangements agreed by the County Council for ensuring the role is effectively carried out.

11.4 Functions of the Executive Director, Finance and Commercial Services as Chief Finance Officer

As Chief Finance Officer the Executive Director, Finance and Commercial Services will:

- (1) After consulting with the Managing Director and the Chief Legal Officer, report to the full Council, or to the Executive in relation to an executive function, and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully.
- (2) Have responsibility for the administration of the financial affairs of the Council and be the Section 151 Officer.

- (3) Maintain an adequate and effective internal audit.

- (4) Contribute to the corporate management of the Council, in particular through the provision of professional financial advice.
- (5) Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members and will support and advise Members and officers in their respective roles.
- (6) Provide financial information about the Council to Members of the Council, the media, members of the public and the community.

11.5 Duty to provide sufficient resources to the Head of Paid Service, Monitoring Officer and Chief Finance Officer

The Council will provide the Managing Director, Chief Legal Officer and Executive Director, Finance and Commercial Services with such officers, accommodation and other resources as are in the opinion of the relevant officer sufficient to allow their statutory duties to be performed.

11.6 Conduct

Officers will comply with the Officers' Code of Conduct and the Protocol on Officer/Member Relations set out in **Appendix 18**.

11.7 Employment

The recruitment, selection and dismissal of officers will comply with the Officer Employment Rules set out in **Appendix 14**.

ARTICLE 12 - DECISION MAKING

12.1 Responsibility for decision making

The Council will issue and keep up to date a record of what part of the Council or individual has responsibility for particular types of decisions or decisions relating to particular areas or functions. This record is set out in **Appendices 2, 5 and 6**.

12.2 Principles of decision making

These principles will underpin the way the Council makes its decisions:-

- (1) Actions agreed will be in proportion with what the Council wants to achieve.
- (2) Appropriate consultation will have been carried out and decisions will take account of its results and any professional advice given by Officers.
- (3) Decisions will reflect the spirit and requirements of Equalities and Human Rights legislation.
- (4) The presumption that all decisions made by the Council, the Cabinet and Committees should be made in public with only those issues that need to be exempt by virtue of the Access to Information Rules will be taken in private.
- (5) Decisions will be clear about what they aim to achieve and the results that can be expected.

In addition, in the case of all decisions taken by the Executive or a Committee or individual member of the Executive, a statement will be published which includes details of the options considered and the reasons for the decision.

12.3 Types of decision

- (1) Decisions reserved to full Council. Decisions relating to the functions listed in **Article 4.2** will be made by the full Council and not delegated.
- (2) Key decisions
 - (i) A decision taker may only make a key decision in accordance with the requirements of the Access to Information Procedure Rules set out in **Appendix 13**.
 - (ii) A key decision is defined as either
 - (a) any decision in relation to an executive function which results in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which a decision relates; or
 - (b) any decision which is likely to have a significant impact on communities living or working in an area comprising two or more electoral divisions

For this purpose the Council has agreed that a key decision is any decision which

- recommends a budget to the full Council
- proposes an amendment to the Council's Policy Framework (as defined in Article 4.1 of this Constitution)
- involves the adoption of any other policy or a works programme
- involves the expenditure or savings of more than £1.25M over one accounting year unless expressly provided for in the adopted budget or Policy Framework
- involves the acquisition or disposal of land and buildings or any interest in land and buildings in excess of the value of £1.25M unless covered by a specific item in the budget
- involves a budget virement of funding in excess of the virement limits set out in **Appendix 15** (financial regulations) of this Constitution
- recommends the promotion or amendment of local legislation
- involves significant public, private and voluntary partnership working in Norfolk
- involves the making of a Statutory Order or Scheme which will have a significant impact on the delivery of County Council services
- proposes significant changes to the Constitution

Together with any other decision which the Monitoring Officer in consultation with the Leader and Managing Director considers to be a key decision within the Regulations.

12.4 Procedures of the full Council

Subject to Article 12.8, the Council meeting will follow the Council Procedure Rules set out in **Appendix 8** when considering any matter.

12.5 Procedures of the Executive

Subject to Article 12.8 the Executive will follow the Cabinet Procedure Rules set out in **Appendix 10** when considering any matter.

12.6 Procedures of the Scrutiny committee

The Scrutiny Committee will follow the Scrutiny Procedure Rules set out in **Appendices 9 and 11** when considering any matter.

12.7 Procedures of other committees and sub-committees established by the Council

Subject to Article 12.8, other Council committees and sub-committees will follow the Committee Procedure Rules set out in **Appendix 9**.

12.8 Decision making by Council bodies acting as tribunals

The Council, a Committee a councillor or an officer acting as a tribunal or in a quasi-judicial manner or determining/considering (other than for the purposes of giving advice) the civil rights and obligations or the criminal responsibility of any person will follow a proper procedure which accords with the requirements of natural justice and the Human Rights Act 1998.

ARTICLE 13 - FINANCE, CONTRACTS AND LEGAL MATTERS

1.0 FINANCIAL MANAGEMENT

The management of the Council's financial affairs will be conducted in accordance with the Financial Regulations set out in **Appendix 15** of this Constitution.

2.0 CONTRACTS

2.1 Every contract made by the Council will comply with the Contract Standing Orders set out in **Appendix 15** of this Constitution.

2.2 In addition, the Executive Director, Finance and Commercial Services and Chief Legal Officer are each authorised to certify contracts under the Local Government (Contracts) Act 1997 and to nominate deputies for this purpose.

3.0 LEGAL PROCEEDINGS

3.1 The Chief Legal Officer is authorised to institute, defend or participate in and settle any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where the Chief Legal Officer considers that such action is necessary to protect or pursue the Council's interests. In the case of proceedings of special significance, the Chief Legal Officer is expected to consult with the Managing Director although failure to do so will not invalidate the action taken.

3.2 In addition, Chief Officers and the Assistant Director - Public Protection are authorised to institute criminal proceedings in respect of matters falling within their areas of responsibility.

3.3 Other powers to institute legal proceedings are set out in the Scheme of Delegated Powers to Chief Officers in **Appendix 6** of this Constitution.

4.0 AUTHENTICATION OF DOCUMENTS

4.1 Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Chief Legal Officer or other person authorised by him/her, unless (a) any enactment otherwise authorises or requires, or (b) the Council has given requisite authority to some other person or (c) the document relates to criminal proceedings instituted by a Chief Officer or the Head of Trading Standards in which case that officer has this authority.

4.2 Any contract with a value exceeding £30,000 entered into on behalf of the Council must be made in writing. Such contracts must either be signed by at least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.

5.0 **COMMON SEAL OF THE COUNCIL**

The Common Seal of the Council will be kept in a safe place in the custody of the Chief Legal Officer. A decision of the Council, or of any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Chief Legal Officer should be sealed. The affixing of the Common Seal will be attested by the Chief Legal Officer or some other person authorised by him/her.

ARTICLE 13 – REVIEW AND REVISION OF THE CONSTITUTION

1.0 Duty to monitor and review the Constitution

1.1 The Council from time to time will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

1.2 A key role for the Chief Legal Officer is to be aware of the strengths and weaknesses of the Constitution adopted by the Council, and to make recommendations for the way in which it could be amended in order to better reflect the purposes set out in Article 1. In undertaking this task the Chief Legal Officer may:-

- Observe meetings of different parts of the member and officer structure;
- Undertake an audit trail of a sample of decisions;
- Record and analyse issues raised with him/her by members, officers, the public and other relevant stakeholders; and
- Compare practices in this Council with those in other comparable authorities, or national examples of best practice.

2.0 Changes to the Constitution

2.1 Substantive changes to the Constitution must be approved by Full Council only after consideration of the proposal by the Corporate Select Committee. Changes to factual references, changes required by a change in the law and consequential changes will be made by the Chief Legal Officer. Changes to reflect revised arrangements for the distribution of responsibilities and the delegation of powers to officers in accordance with decisions taken by the person(s) or body with authority to take such action, will be made by the Chief Legal Officer.

ARTICLE 14 – SUSPENSION AND PUBLICATION OF THE CONSTITUTION

1.0 Suspension of the Constitution

1.1 The Articles of this Constitution may not be suspended.

1.2 The rules of the Council set out in the Appendices of this Constitution may be suspended:-

- (a) in accordance with any procedures set out in those rules; or
- (b) by resolution of the Council to the extent permitted by the law.

2.0 Publication

The Chief Legal Officer will:

- (1) Ensure that the Constitution is brought to the attention of each Member upon delivery to him/her of that individual's declaration of acceptance of office on first being elected to the Council.
- (2) Ensure that copies of the Constitution are available for inspection at County Hall and can be purchased by members of the Media and the public on payment of a reasonable fee, as determined by the Chief Legal Officer.
- (3) Ensure that the Executive Summary of the Constitution is made widely available within the area and is updated as necessary.
- (4) Ensure that the Constitution is kept up to date and available on the Council's website.

APPENDIX 10

CABINET PROCEDURE RULES

Meetings of the Cabinet

1. Meetings of the Cabinet will be held on such dates and at such times and venues as the Leader will decide.
2. The Head of Democratic Services will summon all Members of the Cabinet to meetings by sending an agenda and accompanying papers to each Members' nominated address. The agenda and papers will normally be sent out at least five clear working days before the meeting. The agenda and papers will be sent at the same time to all other Members of the Council.

Agendas

3. The agenda for each meeting of the Cabinet will comprise:
 - (a) the minutes of the previous meeting for approval and signing
 - (b) declarations of interest
 - (c) matters referred to Cabinet by the Scrutiny Committee, Select Committees or by full Council
 - (d) public question time
 - (e) any local member issues/questions raised by Members
 - (f) any non-local member issues/questions raised by Members (to be taken at the Leaders discretion)
 - (g) issues and reports brought forward by the relevant Cabinet Member or Chief Officer
 - (h) any report by the Head of Paid Service, Director of Finance and Commercial Services or Monitoring Officer.
 - (i) such other items as the Leader decides
4. The Leader may decide that there are special circumstances that justify an item of business, not included on the agenda, being considered as a matter of urgency. He/she must state these reasons at the meeting and they must be recorded in the minutes.

Quorum

5. The quorum for a meeting of the Cabinet is the Leader (or the Deputy Leader in his/her absence) and five other Members.

Record of Attendance

6. Each Cabinet member attending a cabinet meeting must, with a view to securing the recording of his/her attendance sign the attendance sheet provided by the Head of Democratic Services for that purpose. If any member arrives and the attendance sheet has already been circulated, he/she must intimate his/her presence to the Head of Democratic Services.

Chairing

7. The Leader (or the Deputy Leader in his/her absence) will be the Chairman of meetings of the Cabinet.

Attendance Rights of Members

8. If a Cabinet member is unable to attend a meeting of the Cabinet he/she may nominate a Deputy Cabinet Member to attend in his/her place. These members may attend and speak at meetings of the Cabinet but may not vote and are not members of the Executive.

9. Subject to paragraph 10, any Member of the Council may attend any meeting of the Cabinet, including those parts of the meeting when the public are excluded. They may speak on any item on the agenda of the meeting but only with the consent of the Chairman.

10. If the Cabinet is considering an item of business in private that relates to the personal or financial affairs of an individual employee or a member of the public, the Chairman may exclude from the meeting any Member who is not a member of the Cabinet.

Member Questions

11. If a Member of the Council wishes to ask a question under 3(e) or (f) above, he/she must give 2 working days' notice of the question to the Head of Democratic Services, e.g. by 5.00 p.m. on the Wednesday preceding a Cabinet meeting on Monday. The number of questions which can be asked at a meeting will be limited to two per Member (or one question plus a supplementary). Responses to the substantive questions will be given to the questioner in writing before the start of the meeting and copies of the question and response will be available to all in attendance. The responses to substantive questions will not be read out at the meeting. A questioner who asks only one substantive question will be entitled to ask a supplementary question and if they do so, a response to it will be given orally by the Chairman, or such other Member or Officer as is determined by the Chairman. Supplementary questions are subject to a limit of 75 words. If a response to a supplementary question cannot conveniently be given orally, a written answer will be sent to the questioner within 7 working days of the meeting.

12. The total time for Member questions will be limited to 15 minutes. If the questioner is not present at the meeting or if any questions remain unanswered within that timescale, written responses will be sent to the questioners within 7 working days of the meeting.

Public Questions

13. A person resident in Norfolk, or who is a non-domestic ratepayer in Norfolk, or who pays Council Tax in Norfolk, may attend meetings of the Cabinet and, by giving two working days' notice, e.g. by 5.00 p.m. on the Wednesday preceding a Cabinet meeting on Monday, may ask any question on any matter in respect of Cabinet's delegated powers. Eligibility to ask questions at Cabinet does not extend to County Council employees asking questions relating to their employment.

14. The number of questions which may be asked at a meeting will be limited to one per person (or one plus a supplementary) in any six-month period. Substantive questions are subject to a maximum word limit of 110 words. Substantive questions that are in excess of 110 words will be disqualified. Responses to the substantive questions will be given to the questioners in writing before the start of the meeting and copies of the questions and responses will be available to all in attendance. The responses to substantive questions will not be read out at the meeting. A questioner who asks only one substantive question will be entitled to ask a supplementary question and, if they do so, a response to it will be given orally by the Chairman. Supplementary questions are subject to a limit of 75 words. If a response to a supplementary question cannot conveniently be given orally, a written answer will be sent to the questioner within 7 working days of the meeting.

15. Public Question Time will be limited to 15 minutes in total. If the questioner is not present at the meeting or if any questions remain unanswered within that timescale, a written response will be sent to the questioner within 7 working days of the meeting.

Conduct of meetings

16. The Chairman will conduct the business of the meeting so as to encourage decision by consensus.

17. Subject to the rules regarding the declaration of interests, every member is entitled to express a view on each item of business.

18. Following debate the Chairman will summarise the discussion and formulate a proposition which he/she will put to the Cabinet for agreement. A vote will not be taken unless the Chairman so decides but any Member who dissents from a decision of the Cabinet is entitled to have that dissent recorded in the minutes, provided this request is made immediately upon the decision having been taken.

19. If necessary to maintain an orderly discussion, the Chairman may:

- (a) require a vote to be taken by a show of hands
- (b) restrict the number of times any Member may speak

- (c) restrict the length of speeches
- (d) adjourn the discussion to a later meeting

20. In the event of a vote being taken and the votes for and against being equal, the Chairman has a second or casting vote.

21. If necessary to maintain order, the Chairman may:

- (a) with the consent of the Cabinet, require a member of the Cabinet, Council or the public to leave the room
- (b) may direct a Member to be silent
- (c) may adjourn or terminate the meeting.

Public Misconduct

22. If a member of the public interrupts a meeting or otherwise behaves irregularly, improperly or offensively, the Chairman may request that he/she leave the room or order that he/she is removed. In the event of a general disturbance, the Chairman may suspend the meeting or direct that the public be excluded from it. No one so removed or excluded will be permitted to return to the meeting.

Discussion of Employees

23. No discussion will take place concerning an individual employee unless the Chairman has decided whether to discuss the matter in public or private session.

Provisions on conflicts of interest

24. Where a matter arises at a meeting which relates to an interest which is a Disclosable Pecuniary Interest (DPI) the relevant Member must declare the existence and nature of the interest even where it has been entered in the County Council's register of interests, unless the matter is a 'sensitive interest' as described by the Localism Act 2011. The relevant Member you must then leave the meeting room and may not participate in any discussion, vote on, or discharge any function related to the matter. Where the matter is a 'sensitive interest' the relevant Member need not declare the nature of the interest but must still withdraw from the meeting without participating.

25. Where a matter arises at a meeting which relates to or affects an Other interests the relevant Member must declare the existence and nature of the interest unless it has been entered in the County Council's register of interests.

26. An Other interest is one which affects, to a greater extent than others in their division the relevant Member's:

- own wellbeing or financial position or
- that of family or close friends
- any body –
 - (a) exercising functions of a public nature

(b) directed to charitable purposes; or
(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);
of which the Member is in a position of general control or management

27. Where an other interest arises, the relevant Member will declare an interest (an “Other Interest”) but may speak and vote on the matter.

Interpretation of Rules of Procedure

28. The ruling of the Chairman as to the construction or application of the Rules or as to any proceedings of the Cabinet will be final for the purposes of the meeting at which it is given.

APPENDIX 11

OVERVIEW AND SCRUTINY PROCEDURE RULES

1. The following rules apply to the Scrutiny Committee:
 - (a) Members of the Cabinet may not serve as ordinary or substitute Members of the Scrutiny Committee. Deputy Cabinet Members may not serve on the Scrutiny Committee.
 - (b) The Scrutiny Committee should not normally scrutinise individual decisions made by other Committees of the County Council, particularly decisions relating to development control and other permissions.
 - (c) The views of all Members of the Scrutiny Committee should be taken into account when deciding the Committee work plans.
 - (d) The Scrutiny Committee should consider the remit and work plans for the Select Committees and consider adopting an approach that compliments and avoids duplication of the Select Committees remit and work plans
 - (e) Party whipping will not take place.
 - (f) The Relevant Chief Officer should present reports and attend meetings.
 - (g) Reports to the Leader, Cabinet or Council will include the views of Members dissenting from the majority recommendation of the Committee.

2. The following rules apply only to the Scrutiny Committee.
 - (a) **Agenda Planning**

The Chairman and the Scrutiny Committee will agree:

 - Which matters the Committee is to scrutinise (except for call-ins).
 - Which Members of the Cabinet and Officers it requires to attend and answer questions.

For call-in items only, the Chairman and the Members calling-in an item will agree which Members of the Cabinet and Officers they require to attend and answer questions.
 - (b) **Questioning**
 - (i) The Chairman may permit a Member not on the Scrutiny Committee (including Members of the Cabinet) to speak and ask questions of those being scrutinised if a matter on the agenda has a particularly

significant impact on that Member's division or if the Committee is considering a call-in made by the Member concerned.

- (i) Members should endeavour not to request detailed information from officers at meetings of the Committee, unless they have given prior notice through the officer supporting the Committee. If, in the course of question and answer at a meeting of Committee, it becomes apparent that further information would be helpful, the officer being questioned may be required to submit it in writing to the Scrutiny Committee Members.
- (ii) In the course of questioning at meetings, Officers other than the Managing Director and Chief Officers may decline to give information or respond to questions on the ground that it is more appropriate that the question be directed to the Managing Director or relevant Chief Officer. Officers may also decline to provide information to which Members do not have a right of access.
- (iii) Members of the Executive and officers may decline to answer questions in an open session of the Committee on the grounds that the answer might disclose information that would be exempt or confidential as defined in the Access to Information Procedure Rules at Appendix XX. In that event, the Committee may resolve to exclude the media and public in order that questions may be answered in private session.
- (iv) Anyone other than a Member of the Executive or an Officer attending at the invitation of the Committee may decline to answer any question without giving reasons.

(c) Formulation of Recommendations and Reports

After debate, the Committee will decide whether to report or express comments to the Leader, Cabinet, Cabinet Member, the relevant Officer or the Council.

Policy and Resources Committee

Item No 9

Report title:	Implications of the Autumn Budget 2018
Date of meeting:	26 November 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services – Simon George
Strategic impact	
<p>The announcements made at the Autumn Budget will have a significant impact on the overall financial climate for the public sector, and provide an insight into the Government's approach to deficit reduction over the next few years. The Autumn Budget 2018 was in particular produced in the context of statements by the Prime Minister announcing the end of austerity while maintaining fiscal responsibility, and represents the Government's final full budget before the expected date for the UK to leave the EU on 29 March 2019. Although long term financial plans will not be set until the Comprehensive Spending Review (CSR) is completed in 2019-20, the Autumn Budget 2018 inevitably has implications for local authorities, not least in the additional funding announcements for social care for 2018-19 and 2019-20.</p>	

Executive summary

This report provides an overview of the Chancellor's Autumn Budget 2018, presented to Parliament on 29 October. The report also summarises the findings of the recent Hudson review: *Local Government Finance: Review of Governance and Processes*, which will have implications for local government and has resulted in announcements about the timing of the Local Government Finance Settlement.

Policy and Resources Committee is recommended to:

- 1) Consider the implications of the Autumn Budget 2018 as set out in this report.**
- 2) Note the date for the Local Government Finance Settlement.**
- 3) Confirm that Service Committees will not be required to identify additional savings but note that any change to planned savings or removal of proposals will require alternative savings to be identified by the relevant Committee.**
- 4) Commission officers to incorporate any changes arising from the Autumn Budget and Provisional Local Government Finance Settlement into budget planning in order to report this to Committees as part of budget setting in January 2019.**

1. Introduction

- 1.1. The Council is approaching the final year of the four year settlement in place since the 2016-17 financial year. Combined with uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) as previously reported to the

Committee, this means that the Council faces a very significant level of uncertainty about funding after 2019-20.

- 1.2. The Chancellor of the Exchequer presented the Autumn Budget 2018 on Monday 29 October, which included a number of announcements with implications for local government.
- 1.3. Also in October, the Ministry for Housing, Communities and Local Government (MHCLG) published the findings of a review undertaken by Andrew Hudson following issues relating to payments made under the Business Rates System. The Ministry has accepted the recommendations of the review, a number of which are of note to local authorities.

2. Autumn Budget 2018

Pre budget commentary

- 2.1. In its submission¹ to the Autumn Budget 2018, the **Local Government Association** (LGA) highlighted that “unprecedented funding pressures and demand for key services is pushing councils to the limit” and stated that local services face “a funding gap of £7.8 billion by 2024/25. This funding gap will already stand at £3.9 billion by 2019/20.” The LGA therefore called on the Government to “close the £3.9 billion funding gap in 2019/20, and commit to a full assessment of the overall funding needs of local government in the 2019 Spending Review and guarantee to fully fund them.”
- 2.2. The **County Councils Network** (CCN) submission² ahead of the Autumn Budget 2018 echoed these calls and focused on the “need for an immediate injection of financial resources for the final year of the current Spending Review period (2019/20).” In addition, the CCN called for the Government to “prioritise the development of BRR [Business Rates Retention] and FFR [Fair Funding Review] proposals and ensure indicative new funding allocations are published as soon as possible during 2019 to help local authorities with financial planning beyond 2019/20.”
- 2.3. Expectations ahead of the Budget announcement were that the Chancellor would have limited room for manoeuvre in the context of continuing uncertainty about the process, timetable and economic implications of leaving the EU, the announcement of an additional £20bn of funding for the NHS³, statements by the Prime Minister⁴ indicating the end of austerity while maintaining fiscal responsibility, and the need to continue to demonstrate progress in tackling the deficit. This was mitigated in part by announcements from the Office for Budget Responsibility (OBR) which indicated that the Chancellor was likely to have some additional flexibility when economic forecasts from March 2018 were revised. Early indications were also that part of the additional funding for the NHS would be found through tax rises, and announcements in relation to this were therefore expected from the Chancellor.

¹ <https://www.local.gov.uk/moving-conversation-lga-budget-submission-2018>

² <https://www.countycouncilsnetwork.org.uk/advocacy/submissions/>

³ <https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan>

⁴ <https://hansard.parliament.uk/commons/2018-10-10/debates/B8AD9927-6283-4CD8-A8CD-7B9BD987E8B4/OralAnswersToQuestions>

- 2.4. In its Green Budget 2018⁵, the Institute for Fiscal Studies (IFS) estimated that “ending austerity’ [...] would require the Chancellor to find £19 billion of additional public service spending relative to current plans by 2022–23,” and “without much higher growth than forecast or substantial tax rises, [this] is not compatible with eliminating the deficit by the mid 2020s.”

Overview of the Autumn Budget 2018

- 2.5. The Chancellor of the Exchequer, Philip Hammond, announced the Autumn Budget 2018⁶ on Monday 29 October 2018. This is significantly earlier than the Autumn Budget 2017 (which was announced 22 November). The Autumn Budget continues to be the main annual financial policy announcement by the Government, following changes introduced last year.
- 2.6. The Chancellor stated that the Budget was based on planning for all eventualities in relation to the UK leaving the EU, but that in the event of material changes to economic or fiscal forecasts, there remained the possibility of upgrading the Spring Statement to a full Budget if required. The Chancellor’s speech can be accessed [here](#)⁷.
- 2.7. Alongside the Budget, the Office for Budget Responsibility (OBR) published an updated Economic and Fiscal Outlook⁸ which shows an “improvement in the underlying pace of deficit reduction” and a revised borrowing position showing an £11.9bn improvement creating a more favourable starting point. The OBR characterise this as reflecting “stronger tax revenues and lower spending on welfare and debt interest than expected.” The view of the OBR is that the Chancellor’s announcements amount to the “largest discretionary fiscal loosening at any fiscal event since the creation of the OBR” and the overall picture at the Budget is “a relatively stable but unspectacular trajectory for economic growth [...] plus a gradual further decline in the budget deficit and in net debt as a share of GDP.”

Key announcements for Local Government

- 2.8. In contrast to recent Budgets, this year there were a number of announcements with significant implications for Local Government. These included:
- **Additional Social Care funding:**
 - confirming the £240m previously announced for 2018-19 (to fund winter pressures and enable people to “leave hospital when they are ready, into a care setting that best meets their needs”).
 - a further allocation of £240m for the same purpose in 2019-20 and an additional £410m in 2019-20 for adults and children’s social care. This funding is intended “to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children”. Detailed allocations of funding are awaited but **if allocated on the same basis as the £240m in 2018-19, this would equate to a total of £11.319m**

⁵ <https://www.ifs.org.uk/green-budget>

⁶ <https://www.gov.uk/government/collections/budget-2018>

⁷ <https://www.gov.uk/government/speeches/budget-2018-philip-hammonds-speech>

⁸ <http://obr.uk/efo/economic-fiscal-outlook-october-2018/>

in 2019-20. It is anticipated that the actual allocations and any requirements for use of the funding will be confirmed alongside the provisional Settlement.

- Confirmation that a Social Care Green Paper is “forthcoming” to put social care on “a fairer and more sustainable footing.”
- An additional £55 million in 2018-19 for the Disabled Facilities Grant (details are awaited but this is normally passported to Districts).
- £84 million over five years to support up to 20 local authorities deliver Children’s Social Care improvement, to help more children to stay at home safely with their families. The details of how these authorities will be selected have not yet been confirmed.
- £420 million to local authorities in 2018-19 to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe. Local allocations have now been confirmed and Norfolk will receive £12.694m of this. This is slightly lower than the original estimate because £20m of the £420m funding has been earmarked for London boroughs (which are not normally part of the allocation) and a specific £0.600m has been set aside for North Yorkshire bridge repairs. The remaining £399.4m has been allocated on the usual formula.
- To support projects across England that ease congestion on local routes, the government will also make £150 million of National Productivity Investment Fund (NPIF) funding available to local authorities for small improvement projects.
- For **schools**, the Chancellor confirmed £400m of one off capital funding would be paid directly to schools in 2018-19. Local shares are not yet available but the Chancellor commented that this equates to an average of £10k per primary and £50k per secondary.
- In relation to **Business Rates**, the Chancellor announced a number of measures including:
 - Cutting bills by one-third for retail properties with a rateable value below £51,000, benefiting up to 90% of retail properties, for 2 years from April 2019.
 - A new mandatory relief for public lavatories.
 - The existing relief for local newspapers to be extended to 2019-20.

It was confirmed that the cost of these measures would be fully funded for local authorities.

- The Chancellor also set out plans for a review of the treatment of self catering and holiday let accommodation to ensure that second properties are subject to the appropriate tax (business rates or council tax).

Other Budget announcements

2.9. The Chancellor also made a number of announcements with wider implications.

- The previously announced **removal of the Housing Revenue Account cap** on local authority borrowing for house building was confirmed, with the cap being abolished from 29 October 2018 in England, to enable councils with housing stock to increase house building.
- The Budget confirmed the previously announced additional **£20.5bn of funding for the NHS** by 2023-24, which will include £2bn specifically for extending Mental Health Services.
- Although the Budget does not include details of departmental spending allocations (RDEL) beyond 2019-20, which is to be set out at next year’s Spending Review, it

does set out the “path” of spending in aggregate beyond the current period up to 2023-24. This indicates that spending including the NHS settlement will grow at an average of 1.2% per year in real terms. Given the significant additional resources committed to the NHS, this implies that spending excluding the NHS will rise in line with inflation (or in other words will be flat in real terms). The **implications of this for total local government resources beyond 2019-20 remain unclear** at this point.

- The Budget documents emphasise however that this “does not represent the final envelope for Spending Review 2019, which will be set in due course. The government will use the Spending Review to ensure that funding is directed to its priorities within that overall envelope.” As such there is a **possibility of further funding being released at the next Spending Review** subject to the performance of the economy and other factors.
- **Changes to employer contribution rates for unfunded pension schemes** (does not apply to the LGPS). The Treasury has lowered the discount rate applied when calculating contribution rates for public service pensions from the 2.8% that was set at Budget 2016 to 2.4%. This will increase employer contributions significantly from April 2019 (and September 2019 for teachers). The Budget states that the government is supporting departments to ensure that recognition of these costs does not jeopardise the delivery of frontline public services or put undue pressure on public employers. The Budget allocates extra funding to cover these additional costs in 2019-20 and the Spending Review is then expected to settle the funding for costs beyond 2019-20 arising from the valuations. The precise implications of this for local councils are not yet clear, but there may be an impact in respect of fire service pensions and centrally employed teachers in particular.
- The Budget outlined that following consideration of PFI/PF2, the Government will honour existing commitments in contracts but will **no longer use PF2** for future projects.
- **Increasing the National Living Wage** by 4.9% from £7.83 to £8.21 in April 2019. The Council’s pay settlement for 2019-20 increases rates of pay for those on lower grades above the National Living Wage and therefore there is no additional pressure anticipated in relation to this although services provided through external contracts may be impacted by the increased wage costs and provision will need to be made for this within the inflation awarded.
- The **Housing Infrastructure Fund**, funded by the NPIF, will increase by £500m to a total of £5.5bn, to fund development of up to 650,000 new homes.
- A £770m extension to the **Transforming Cities Fund** for significant transport projects in English cities, with Norwich shortlisted for a share of the £440m increase in the competitive allocation.
- A **Future High Streets Fund** to invest £675 million in England to support local areas to develop and fund plans to make high streets and town centres fit for the future by investing in town centre infrastructure, including to increase access to high streets and support redevelopment and densification around high streets.
- £200 million from the NPIF to pilot innovative approaches to deploying full fibre internet in rural locations, starting with primary schools, and with a scheme for nearby homes and businesses. Initially this will include the Borderlands, Cornwall, and the Welsh Valleys.
- A package of reforms to apprenticeships including enabling levy paying employers to transfer up to 25% of their funds to others within their supply chain.
- Off-payroll working rules (IR35) currently in place in the public sector to be extended to larger private sector employers from April 2020.
- Additional funding for the Police and for the Ministry of Defence.

- Measures to support the roll out of Universal Credit.

Next steps

- 2.10. The implications of the announcements from the Autumn Budget 2018 will be reflected as appropriate in the Council's budget planning for 2019-20.

3. **Hudson review: *Local Government Finance: Review of Governance and Processes***

- 3.1. Shortly before the announcement of the Autumn Budget 2018, the Ministry for Housing, Communities and Local Government (MHCLG) published the findings of a review (Local Government Finance: Review of Governance and Processes). This was commissioned by MHCLG and undertaken by Andrew Hudson following the discovery of overpayments of business rates to local authorities in 2017-18 (Norfolk was not affected), and in recognition of the increasing complexity of the Business Rates System.
- 3.2. The findings and recommendations of the Hudson Review have a number of implications for local authorities, in particular in relation to the timing of announcements relating to the local government settlement. The Review recommended that the final settlement should be announced no later than 31 January, and the provisional settlement around 5 December. In response, **MHCLG has confirmed that they will aim to publish the 2019-20 provisional settlement on 6 December**. The Review also recommends that there should be consideration of ways of improving communication and accessibility of the settlement to local authorities.
- 3.3. In total, the Review makes 29 recommendations across five themes: complexity; governance and management; capacity and capability; openness; and culture. MHCLG has accepted the recommendations in full and is now working to implement changes in response. In developing the Business Rates Retention System, MHCLG has confirmed that one of its objectives is to find ways to make the system simpler while still providing a clear incentive for growth and appropriate protection from risk.

4. **Implications for Norfolk County Council Budget 2019-20**

- 4.1. This report identifies a number of matters which will need to be taken into account in preparing the 2019-20 Budget, among them the Autumn Budget and Local Government Financial Settlement. As the report sets out, there are also a range of key issues with longer term implications (including the Fair Funding Review and reform of the Business Rates Retention System), about which there remains significantly less certainty, but which will have an impact during the lifetime of the Medium Term Financial Strategy currently being prepared.
- 4.2. Policy and Resources considered the latest budget planning position for 2019-20 at its meeting on 29 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining budget gap for 2019-20, which was £6.369m. Over the three year planning period, a gap of £45.980m remained to be closed. Since that meeting, officers have continued to work to develop the 2019-20 Budget and close the gap for next year. Although

precise details are awaited, announcements of additional funding at the Autumn Budget will assist in closing the gap identified for 2019-20. The full details of the proposed 2019-20 Budget will be presented to this Committee in January, and will reflect the implications of the Autumn Budget, the Local Government Finance Settlement, and other issues as set out in this report.

- 4.3. Service Committees are not being asked to identify further savings as part of this process, however in view of the remaining gap position for 2019-20, any change to planned savings or removal of proposals will require alternative savings to be identified. Consultation has now begun on two saving proposals for 2019-20, and the level of council tax for the year. All Committees will receive feedback on the outcomes of the consultation in January to inform their budget setting decisions. In addition, Committees will need to consider the financial risks for their services that could affect the 2019-20 budget plans, and any changes in the overall planning context for the Council.

5. Financial implications

- 5.1. Potentially significant financial implications for the Committee's Budget are discussed throughout this report. Any impacts of the Autumn Budget and the three changes (Comprehensive Spending Review, Fair Funding Review and 75% Business Rates Retention) expected to be implemented in 2020-21 will be reflected as far as possible in the Council's 2019-20 budget planning, and these will need to be refined as further information is made available by Government.
- 5.2. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018-19 to the end of 2020-21 (RM006).
- 5.3. Risks relating to budget setting are also detailed in the Council's budget papers. There is a risk in relation to the Comprehensive Spending Review and the Fair Funding Review that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where the Fair Funding Review results in a redistribution between authority types or geographical areas.

6. Issues, risks and innovation

- 6.1. Significant risks, assumptions, or implications have been set out throughout the report.
- 6.2. Equality issues were considered in the Equality Impact Assessment of 2018-19 budget proposals. In October, Policy and Resources Committee agreed the significant savings proposals with an impact on levels of service delivery, which require public consultation and this is currently underway. As in previous years, new 2019-22 saving proposals, and the Council's Budget as a whole, will be subject to equality and rural impact assessments later in the budget-setting process.

Background Papers

Autumn Budget 2018 documents, HM Treasury

<https://www.gov.uk/government/publications/budget-2018-documents>

Economic and Fiscal Outlook – October 2018, Office for Budget Responsibility

<http://obr.uk/efo/economic-fiscal-outlook-october-2018/>

Local Government Finance: Review of Governance and Processes, MHCLG

<https://www.gov.uk/government/publications/local-government-finance-review-of-governance-and-processes>

LGA Budget submission

<https://www.local.gov.uk/moving-conversation-lga-budget-submission-2018>

CCN Budget submission

<https://www.countycouncilsnetwork.org.uk/download/1773/>

Officer Contact

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

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Policy and Resources Committee

Item No 10

Report title:	Finance monitoring report P6: September 2018
Date of meeting:	26 November 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact The Annexes to this report summarise the Period 6 (30 September 2018) forecast financial outturn position for 2018-19, to assist members to maintain an overview of the overall financial position of the Council.	

Executive summary

This report gives a summary of the forecast position for the 2018-19 Revenue and Capital Budgets, General Balances, and related financial information.

Members are asked to:

- **note the period 6 forecast general fund revenue overspend of £4.496m (p5 £5.696) noting also that Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends;**
- **note the forecast General Balances at 31 March 2018 of £19.536m, before taking into account any over/under spends;**
- **note the revised expenditure and funding of the current and future 2018-22 capital programme as set out in Appendix 2;**
- **support the development of the 2017-20 capital programme, including the capital strategy, prioritisation scoring method, and potential new schemes, as set out in Appendix 3 Capital Annex 2.**

1. Introduction

1.1 On 12 February 2018, the County Council agreed a net revenue budget of £388.799m. At the end of each month, officers prepare financial forecasts for each service including forecast expenditure and the planned impact on earmarked reserves.

2. Evidence

2.1 Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:

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

Annex 2 to Annex 1 summarises forecasts relating to services covered by this Committee

Appendix 2 summarises the forecast 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 forecast revenue outturn for 2018-19 is an overspend of **£4.496m** (p5 £5.696). The forecast overspend at the end of P6 relates largely to Children's Services budgets, due to forecasts in relation to costs associated with looked after children, children with a high level of need, and SEN high needs block cost pressures. This is also a national issue, with many authorities reporting significant overspends.

3.2 The forecast assumes savings as reported separately to this Committee.

3.2 The Council's capital programme contains schemes approved by County Council on 12 February 2018, other capital funding secured and schemes re-profiled since budget setting.

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 will take 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, there is a requirement to regularly monitor progress so that corrective action can be taken when required.

5.2 The monthly forecasts in this report are based on detailed cost centre level data supplied by responsible budget officers after the end of each financial period. Moderation by chief officers is completed approximately 18-20 days after each month end.

Officer Contact

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

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Appendix 1: 2018-19 Revenue Finance Monitoring Report Month 6

Report by the Executive Director of Finance and Commercial Services

1 Introduction

This report gives details of:

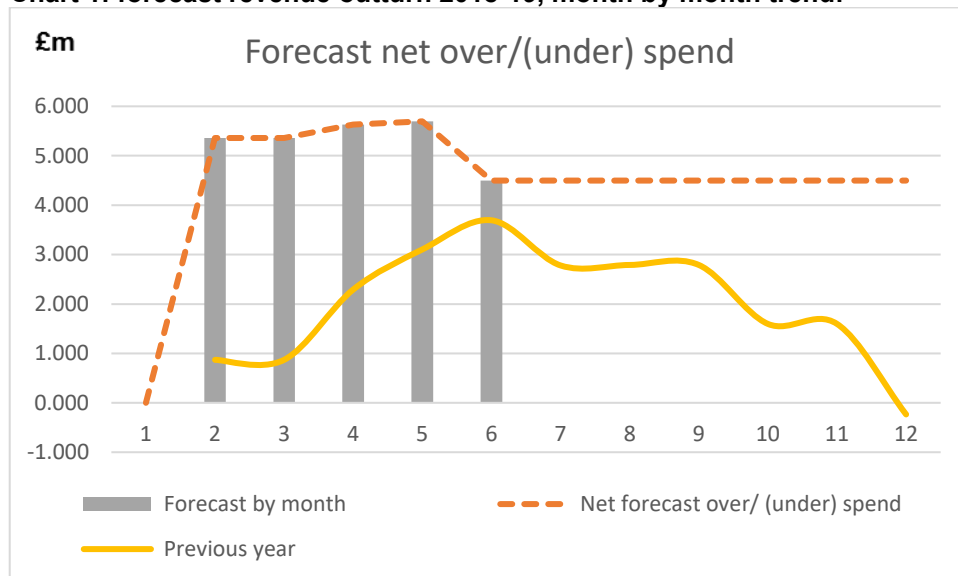
- the latest monitoring position for the 2018-19 Revenue Budget
- forecast General Balances and Reserves at 31 March 2019 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

Revenue outturn – forecast over/underspends

At the end of September 2018 (month 6) an overspend of **£4.496m** (p5 £5.696) is forecast on a net budget of £388.799m.

Chart 1: forecast revenue outturn 2018-19, month by month trend:



- 2.1 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.

- 2.2 Details of all projected under and over spends for each service are shown in detail in Revenue Annex 1 to this report, and are summarised by service in the following table:

Table 2: 2018-19 projected forecast (under)/over spends by service

Service	Revised Budget	Projected net (under)/ over spend	%	RAG
	£m	£m		
Adult Social Services	252.747	0	0.0%	G
Children's Services	185.948	9.569	5.1%	R
Community and Environmental Services	155.207	-0.389	-0.3%	G
Managing Director's Department	8.484	-0.015	-0.2%	G
Finance and Commercial Services	24.128	0.250	1.0%	G
Finance General	-237.714	-4.919	2.1%	G
Totals	388.799	4.496	1.2%	A

Notes:

- 1) the RAG ratings are subjective and take into account both the relative (%) and absolute (£m) impact of forecast overspends.

- 2.3 **Children's Services:** The forecast overspend at the end of P6 relates largely to Children's Services budgets. Children's Services in Norfolk continue to operate in a challenging context. As is the case for almost all local authorities, we are experiencing high and increasing levels of need across the service, in particular in relation to children with special educational needs and children at risk of harm.
- 2.4 The number of statutory duties that councils have in relation to children's services has risen in excess of any additional funding provided for new burdens and as the level of grant funding to local authorities diminishes year on year and there is now evidence of a significant strategic funding shortfall in Children's Services across the UK.
- 2.5 Although this is a challenging context, Norfolk County Council and its Children's Services are responding in a bold, positive and ambitious way. That began with the business case for a major investment of £12-15m in transformational change agreed at Policy and Resources Committee in September 2017 and the Launch of the Norfolk Futures Transformation programme.
- 2.6 More than half of total expenditure across Children's Services is on direct delivery of assessment, support and care through demand-led budgets to the most vulnerable or highest need children including children looked after and children with Special Educational Needs. Given this pattern of spend it is clear that our response to the financial challenge needs to focus on these major budget areas and follow the principles set out in the Norfolk Futures Strategy of offering our help early to prevent and reduce demand for specialist services and using evidence and data to target our work where it can make the most difference as set out in the Safer Children and Resilient Families strand of the Norfolk Futures Programme.

- 2.7 Further details can be found in Revenue Annex 1 to this report, and in the finance monitoring report to the 13 November 2018 Children’s Services Committee.
- 2.8 **Adult Social Services:** As noted in the last finance monitoring report to this Committee, in October 2018 the Government announced additional one-off funding for Adult Social Services nationally to support winter pressures. For Norfolk, the allocation is around £4.179m. A “Winter Resilience Planning” paper presented to 5 November 2018 Adult Social Care Committee sets out the principles for allocating that additional funding to protect, sustain and improve health and social care. While the Finance Monitoring Report to that Committee demonstrates that there remains pressure on Purchase of Care costs within Adult Social Services, the forecast in this report assumes that this additional Winter funding will mitigate previously reported ASS overspends.
- 2.9 **CES:** Since the Finance Monitoring Report to the 9 November 2018 EDT Committee, an additional £0.5m forecast underspend has been added to the CES underspend reflected in this report. Based on the latest waste tonnages the Council is anticipating an underspend on residual waste and recycling credits, largely due to the impacts of the summer weather.
- 2.10 **Savings targets:** The key savings targets required for the delivery of a balanced 2018-19 budget are covered in a separate report to this Policy and Resources Committee.

Agreed budget, changes and variations

- 2.11 The 2018-19 budget was agreed by Council on 12 February 2018 and is summarised by service in the Council’s Budget Book 2018-22 (page 20) as follows:

Table 1: 2018-19 original and revised net budget by service

Service	Approved net base budget	Revised budget P5	Revised budget P6
	£m		
Adult Social Services	252.466	252.747	252.747
Children’s Services	185.948	185.948	185.948
Community and Environmental Services	155.267	155.207	155.207
Managing Director’s Department	8.449	8.484	8.484
Finance and Commercial Services	24.383	24.128	24.128
Finance General	-237.714	-237.714	-237.714
Total	388.799	388.799	388.799

- 2.12 During period 6 there were no reallocation of budgets between departments. Overall, the Council’s net budget for 2018-19 remains unchanged.

General balances and reserves

General balances

- 3.1 On 12 February 2018 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.301m through 2018-19. The balance at 1 April 2018 was £19.536m. The forecast for 31 March 2019 is unchanged at £19.536m, assuming a balance budget is achieved.

Reserves 2018-19 – opening balances

- 3.2 The use of reserves anticipated at the time of budget setting was based on reserves balances anticipated in January 2018. Actual balances at the end of March 2018 were higher than planned, mainly as a result of grants being carried forward, and reserves use being deferred.

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

Reserves and provisions by service	Budget book forecast balances 1 April 2018	Actual balances 1 April 2018	Increase in opening balances after budget setting
	£m	£m	£m
Adult Social Services	17.316	33.675	16.359
Children's Services (inc schools, excl LMS)	5.133	7.955	2.822
Community and Environmental Services	31.943	36.504	4.561
Managing Director's Department	2.021	2.517	0.496
Finance & Commercial Services	2.266	3.353	1.087
Finance General	14.592	16.532	1.940
Total reserves and provisions (excl LMS)	73.271	100.536	27.265

Reserves 2018-19 – forecast closing balances

- 3.3 The 2018-19 budget was approved on the basis of a forecast reduction in earmarked reserves (including schools) from £72.7m to £63.8m during 2018-19, a net use of £8.9m.

3.4 The following table sets out the latest forecast balances for each service.

Table 3b: Forecast reserves and provisions at 31 March 2019

Reserves and provisions by service	Budget book forecast March 2019	Latest P6 forecast March 2019
		£m
Adult Social Services	10.906	27.078
Children's Services (excl LMS)	4.241	2.888
Community and Environmental Services	29.566	33.890
Managing Director's Department	1.993	1.573
Finance & Commercial Services	1.841	1.369
Finance General	15.288	16.705
Reserves and provisions	63.835	83.503

Forecast reserves at 31 March 2019 are over £19m in excess of budget book assumptions. The forecast in Finance General reserves assumes a £2m use of the general business risk reserve to support Children's Services budget pressures.

3.5 Provisions included in the figures above

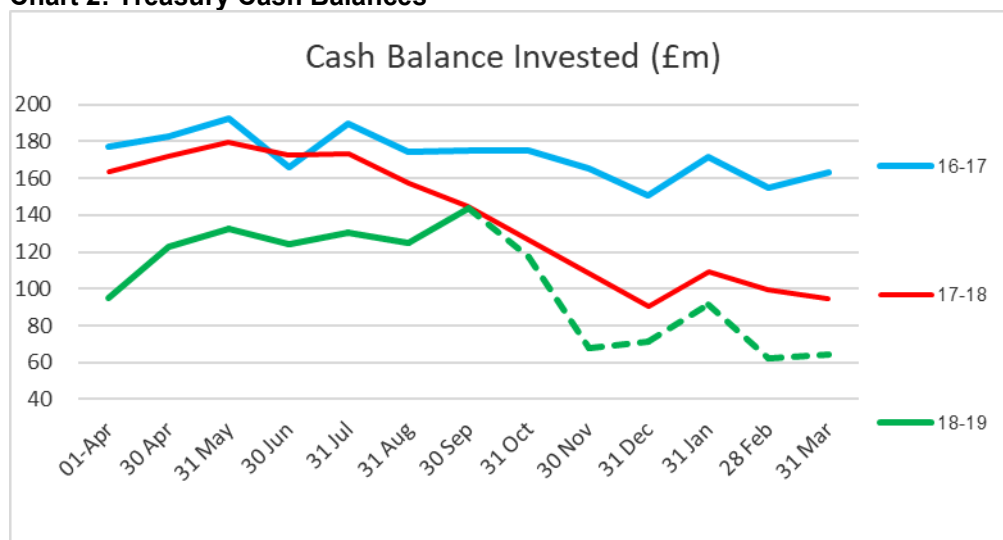
The table above include provisions of £30.3m at the start of the year. These comprise £11.0m insurance provision, £12.3m landfill provision, £6.5m provision for bad debts, and a small number of payroll related provisions.

The £12.3m landfill provision is required for accounting purposes and is included in the CES figures above. This provision is not cash backed and cannot be used to support revenue or capital expenditure.

3 Treasury management summary

- 4.1 The corporate treasury management function ensures the efficient management of all the authority's cash balances.
- 4.2 The graph below shows the level of cash balances over the last three years, and includes a forecast dashed green line to March 2019 based on projected cash receipts and expenditure at 30 September 2018.

Chart 2: Treasury Cash Balances

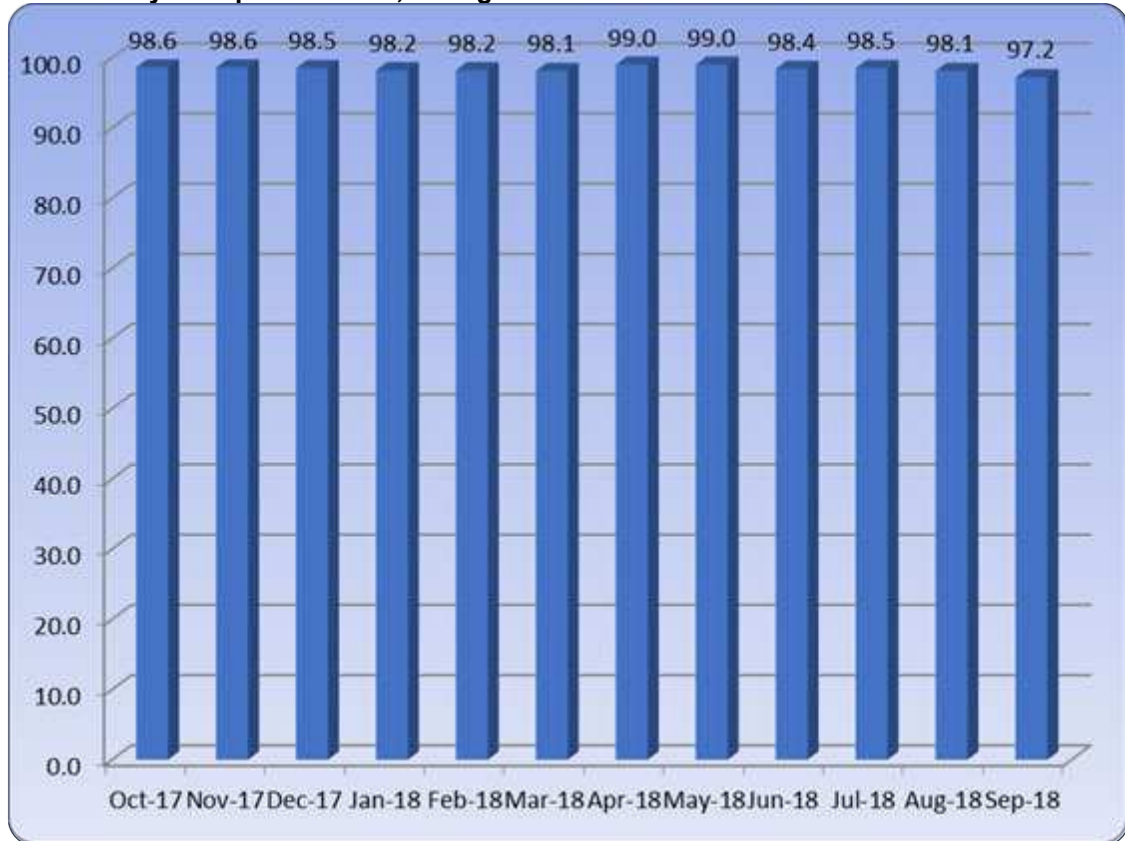


- 4.3 The balances shown above include £40m PWLB (Public Works Loan Board) debt taken at the end of March 2017 (blue line) and £20 towards the end of 2017-18 (red line). Borrowing of £50m has been undertaken in the first 6 months of 2018-19 which is reflected in the graph. The projections reflect the annual pattern of known income streams.
- 4.4 A £10m tranche of PWLB borrowing was taken in September 2018 at 2.44%, repayable June 2068.
- 4.5 The impact of the Pension Fund pre-payment approved at the September meeting of this Committee has been built in to the forecast.
- 4.6 Given the reducing levels of projected cash balances and the current historically low interest rates, the Executive Director of Finance and Commercial Services is actively considering borrowing options. As a result, it is likely that some further borrowing will take place in 2018-19, and two further tranches of £10m, are assumed in the forecast.
- 4.7 New borrowing 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. The Council continues to use cash balances for this purpose and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

4 Payment performance

- 5.1 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. Over 97% were paid on time in September 2018. The percentage has not dropped below 97% in the last 12 months.

Chart 3: Payment performance, rolling 12 months



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

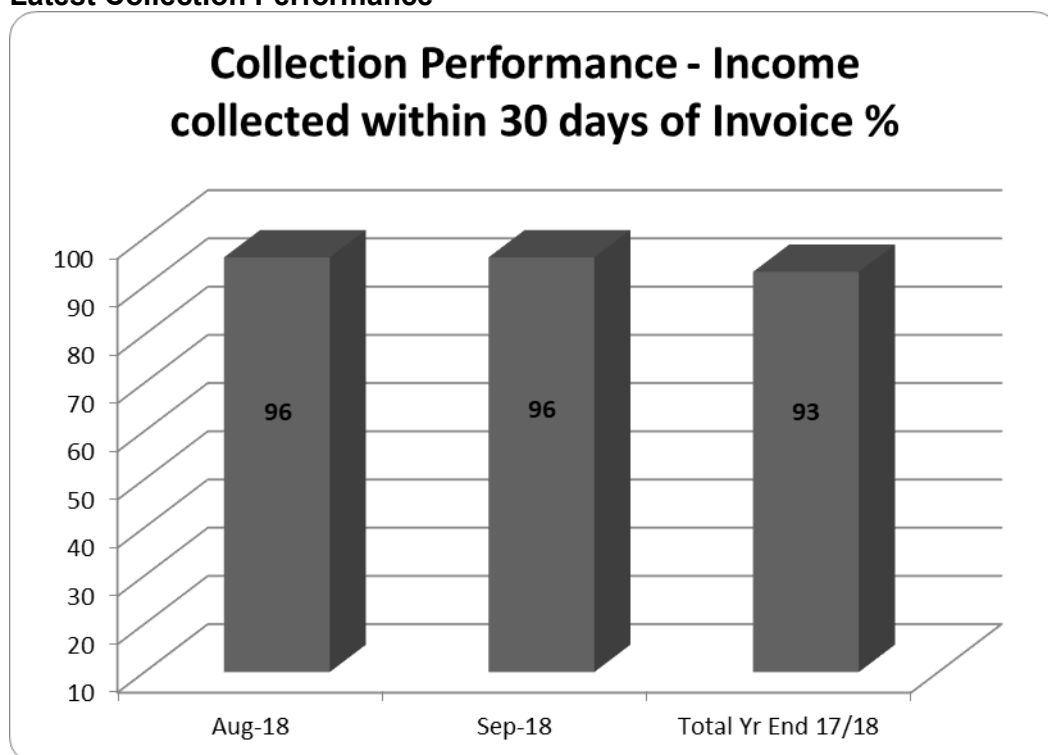
5 Debt recovery

5.1 **Introduction:** Each year the County Council raises over 150,000 invoices for statutory and non-statutory services totalling over £960m. 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, and 97% was collected within 180 days.

5.2 Debt collection performance measures

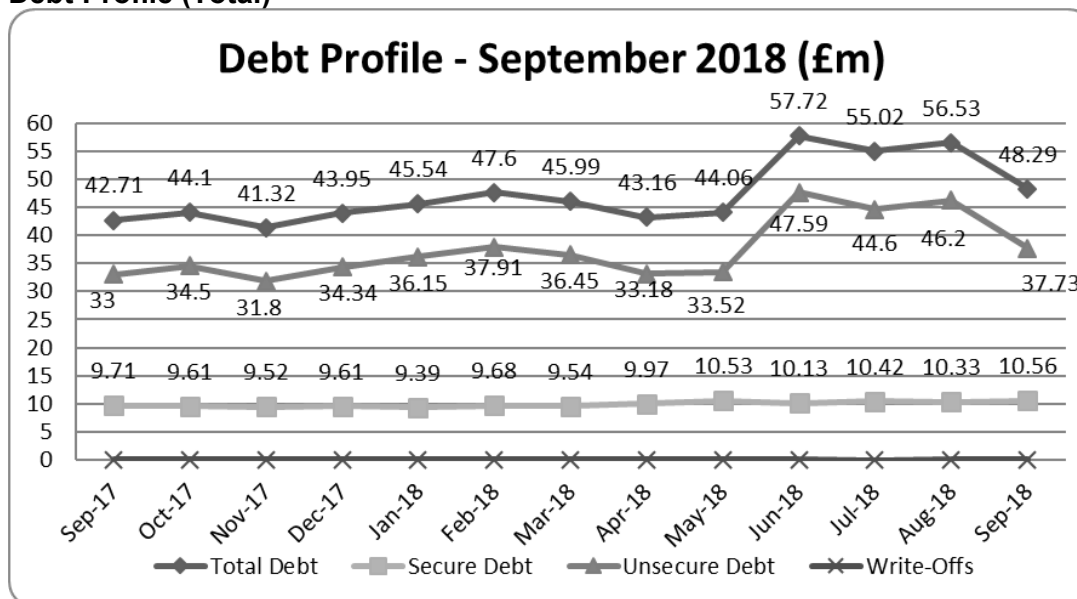
The proportion of invoiced income collected within 30 days for invoices raised in the previous month – measured by value – was 96% in September 2018.

Latest Collection Performance



5.3 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 largest area of unsecure debt relates to charges for social care. Of the £37m unsecure debt at the end of September, £10.8m is under 30 days and £11.7m 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 £10.5m at the end of September 2018. Within this total £3.4m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

- 5.4 **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.
- 5.5 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.
- 5.6 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.
- 5.7 For the period 1 April 2018 to 30 September 2018, 196 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £131,184.34. Since the 2017-18 outturn report, no debts over £10,000 have been written off.

Revenue Annex 1

Forecast 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	252.747	0	0.0%	252.747
Children's Services	185.948	9.569	5.1%	195.517
Community and Environmental Services	155.207	-0.389	-0.3%	154.818
Managing Director's Department	8.484	-0.015	-0.2%	8.469
Finance and Commercial Services	24.128	0.250	1.0%	24.378
Finance General	-237.714	-4.919	2.1%	-242.63
Forecast outturn this period	388.799	4.496	1.2%	393.296
Totals previous report	388.799	5.696	0.0%	252.747

Reconciliation between current and previously reported underspend

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

	£m
Forecast overspend brought forward	5.696
Movements September 2018	
Adult Social Services	-1.991
Children's Services	3.490
Community and Environmental Services	-0.599
Managing Director's Department	-0.001
Finance and Commercial Services	-0.029
Finance General	-2.070
Forecast over/(under) spend P6	4.496

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 £m	Forecast £m
Total "front line" services	593.662	603.582
Total corporate resources	32.852	32.862
Corporate resources as %age	5.5%	5.4%
Corporate resources as ratio	1/18	1/18

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		-0.234	-0.071
Commissioned Services	1.202		0.054
Early Help & Prevention	0.184		0.011
Services to Users (net)	0.685		-1.300
Management, Finance & HR		-0.730	0.422
Use of Winter Pressure Funding		-1.107	-1.107
Forecast over / (under) spend	2.071	-2.071	-1.991
	0		

	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Children's Services			
Spending increases and reductions			
Social Work	8.358		2.906
Early Help & Prevention		-0.453	-0.340
Performance & Challenge		-0.076	-0.164
Education	1.964		1.022
Resources (including capital charges)			
Use of reserves and balances		-0.444	-0.033
Schools capital funded by borrowing		-2.000	0.000
Dedicated schools grant			
High Needs Block	9.745		0.086
DSG adjustments - subject to further scrutiny of the LAC placements and transport budgets		-3.211	0.059
LMS "headroom" (to be offset against schools balances and recovered in future years)		-4.314	-0.046
Forecast over / (under) spend	20.067	-10.498	3.490
	9.569		

Community and Environmental Services	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Communities Committee			
Culture and Heritage	0.067		
Director of Public Health		-0.046	
Fire Service	0.539		
EDT Committee			
Business Support and development		-0.130	
Recycling and Closed landfill sites – adjusted for additional forecast underspend due to the impact of summer weather.		-0.720	-0.500
Business and Property Committee			
Economic Development		-0.099	-0.099
Forecast over / (under) spend	0.606	-0.995	-0.599
		-0.389	

Resources, Finance and Finance General	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics		-0.052	-0.007
Communications	0.077		-0.102
Human Resources		-0.020	-0.020
Democratic Services		-0.020	0.129
Nplaw			-0.001
Forecast over / (under) spend	0.077	-0.092	-0.001
		-0.015	
Finance and Commercial Services			
Property	0.247		-0.021
Print & Phone Recharges	0.003		-0.008
Forecast over / (under) spend	0.250		-0.029
Finance General (see Revenue Annex 2 for further details)			
Section 31 Business rates cap compensation		-0.433	
Additional Local Services Support Grant - free travel		-0.162	
Satellite offices cost of lease surrender	0.536		
Member's allowances		-0.023	
Audit fees		-0.041	
Land drainage levy		-0.016	
Interest on balances		-0.130	-0.070
Capitalisation of costs currently in revenue budgets		-1.500	
Savings relating to pension fund pre-payment		-0.400	
Lower than anticipated costs of redundancy		-0.750	

Use of Business Risk Reserve		-2.000	-2.000
Forecast over / (under) spend	0.536	-5.455	-2.070
		-4.919	

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.

2018 / 19	Current Budget	Forecast	Over / (Under) spend
	£m	£m	£m
Managing Director's Department			
Intelligence & Analytics	0.819	0.766	-0.052
Communications	0.786	0.863	0.077
Strategy & Delivery Unit	0.596	0.596	
Norfolk Futures	0.500	0.500	
Human Resources	3.314	3.294	-0.020
Democratic Services	2.775	2.754	-0.020
Elections	0.338	0.338	
Nplaw	-0.656	-0.656	
MD's Office	0.336	0.336	
Shared Services Contribution	-0.356	-0.356	
Print Service Recharges	0.032	0.032	
	8.484	8.468	-0.015
Finance and Commercial Services (note 1)			
Finance	6.133	6.133	-
Procurement	1.143	1.143	-
	7.276	7.276	-
Finance General			
Section 31 Business rates cap compensation			-0.433
Additional Local Services Support Grant			-0.162
Satellite offices cost of lease surrender			0.536
Member's allowances			-0.023
Audit fees			-0.041
Land drainage levy			-0.016
Interest on balances			-0.130
Capitalisation of costs currently in revenue budgets			-1.500
Savings relating to pension fund pre-payment			-0.400
Lower than anticipated costs of redundancy			-0.750
Use of Business Risk Reserve			-2.000
			-4.919
Total P&R Committee			-4.934

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 Finance General forecast underspend is explained below.

2 Finance General over and underspends

Explanations for the Finance General forecasts are as follows:

Section 31 Business rates cap compensation (forecast underspend £0.433m)

This forecast underspend relates to additional business rates income which will be confirmed when NNDR3 returns are completed.

Additional Local Services Support Grant - free travel (forecast underspend £0.162m)

This forecast underspend relates to additional unringfenced Local Services Support Grant relating to extended rights to free home to school transport.

Satellite offices costs of lease surrender (forecast overspend £0.536m)

A property strategy with the aim of reducing the number of Council offices and therefore running costs will result in staff being moved into County Hall.

Member's allowances (forecast underspend £0.023m)

Early estimate of underspend in member's allowances budget based on expenditure to date.

Audit fees (forecast underspend £0.041m)

Confirmation of reduction in external audit fees following Public Sector Audit Appointments Ltd (PSAA) appointment of Ernst Young as Norfolk County Council's external auditor.

Land drainage levy (forecast underspend £0.016m)

Environment Agency precept greater than expected.

Interest on balances (forecast underspend £0.130m)

The 2018-19 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. The cost and timing of borrowing has resulted in a forecast underspend.

Capitalisation of costs currently in revenue budgets (forecast underspend £1.500m)

During work being done in preparation for the 2019-20 capital programme, an opportunity to capitalise an additional £1.5m of work related to highways previously funded from revenue budgets.

Savings relating to pension fund pre-payment (forecast underspend £0.400m)

At the September meeting of this Committee, members agreed that the Council could make a pre-payment of contributions to the Norfolk Pension Fund, which is forecast to generate savings of approximately £1.2m over 18 months.

Lower than anticipated costs of redundancy (forecast underspend £0.750m)

Based on the latest projections, officer forecasts for 2018-19 suggest that spend on redundancy costs will be £0.750m lower than anticipated at the time of budget setting.

Forecast use of Business Risk Reserve (forecast underspend £2.000m)

A general business risk reserve was created in 2017-18 to provide flexibility with managing service budget risks and to mitigate the level of savings to be found in future years. The reserve stands at £4.457m. Due to the pressures on Children's Services budgets it is anticipated that £2m of this reserve will be used in 2018-19.

Norfolk County Council

Appendix 2: 2018-19 Capital Finance Monitoring Report

Report by the Executive Director of Finance and Commercial Services

1 Capital Programme 2018-19

- 1.1 On 20 February 2018, the County Council agreed a 2018-19 capital programme of £238.098m with a further £190.812m allocated to future years', giving a total of £428.910m.
- 1.2 Additional re-profiling from 2017-18 resulted in an overall capital programme at 1 April 2018 of £309m plus £164m of new grant funded highways schemes. Further in-year adjustments have resulted in the latest capital programme shown below:

Table 1: Capital Programme budget

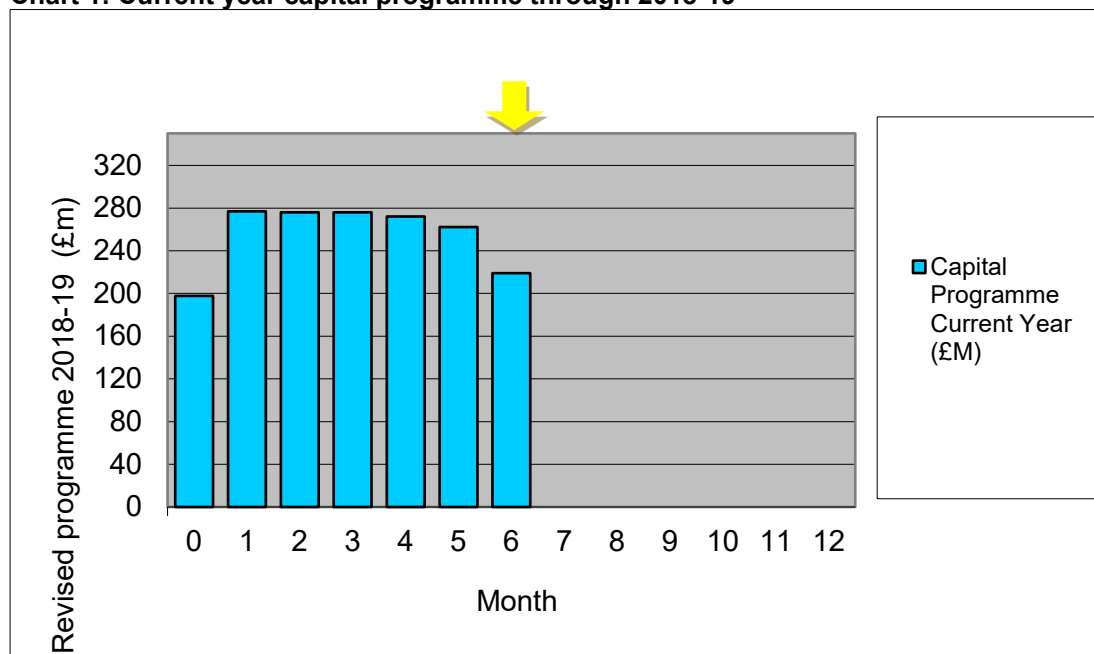
	2018-19 budget	Future years
	£m	£m
New schemes approved February 2018, funded from borrowing	114.976	122.411
Previously approved schemes brought forward	123.122	68.401
Totals in 2018-22 Budget Book (total £428.910m)	238.098	190.812
Deduct new externally funded highways schemes (see 1.2 above)	-79.118	-85.329
Schemes re-profiled after budget setting	31.884	4.086
Other Adjustments, including additional grants	8.360	
Capital Programme Outturn excl new highways (£308.794m)	199.224	109.569
Statutory accounting adjustment	-1.496	
Highways grant funded schemes, assumed to be added to programme as grant funding confirmed £164.447m	79.118	85.329
Revised opening capital programme (total £471.744)	276.846	194.898
Re-profiling since start of year	-66.875	66.875
Other movements – including addition of highways schemes	8.554	11.500
Capital programme budgets latest (total £491.798m)	218.525	273.273

Note: this table and the tables below contain rounding differences

Changes to the Capital Programme

- 1.3 The following chart shows changes to the 2018-19 capital programme through the year.

Chart 1: Current year capital programme through 2018-19



- 1.4 Month “0” shows the 2017-18 outturn future capital programme excluding new grant funded highways schemes, which are added in month 1. The arrow shows the latest position showing the net effect of re-profiling of spend between years, and additional current year funding.
- 1.5 The current year’s capital budget for each service is set out in the table below:

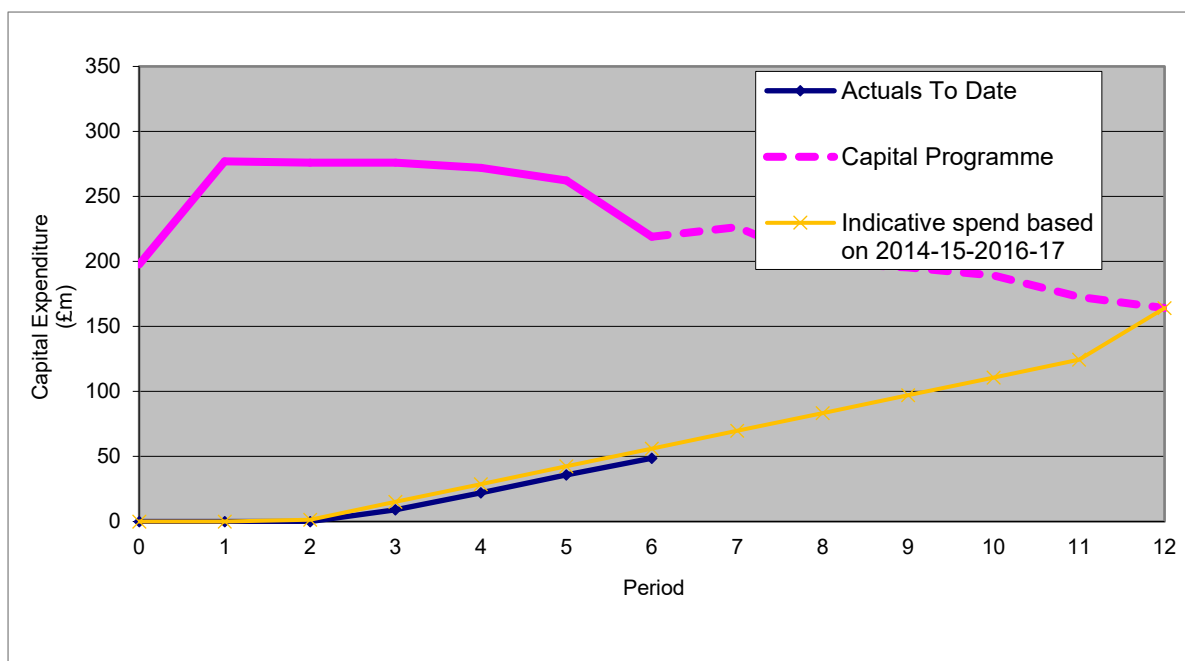
Table 2: Service capital budgets and movements 2018-19

Service	Revised opening programme £m	Previously reported programme £m	Reprofilng since last report £m	Other Changes since last report £m	2018-19 Current Capital Budget £m
Children's Services	87.764	90.501	-38.100	2.716	55.118
Adult Social Care	13.196	22.653	-7.173		15.480
Community & Environmental Services	120.175	104.024	0.000	-1.193	102.831
Managing Director's Department					
Finance & Comm Servs	55.710	45.093	0.000	0.002	45.096
Total	276.845	262.271	-45.273	1.526	218.525
				-43.746	

Note 1: this table may contain rounding differences

1.6 The trends within the current year's capital programme can be shown as follows.

Chart 1: capital programme indicative trends and progress



1.7 The chart shows actual expenditure (blue line) exceeded year end accruals at the start of period 2, with spend averaging approximately £12m per month since then. The pink and yellow lines show the projected budget movements and spend respectively. The current year's budget is expected to decrease as projects are re-profiled into future years when timing becomes more certain.

1.8 The revised programme for future years (2019-20 to 2021-22) is as follows:

Table 3: Capital programme 2019-22

Service	Outturn future capital programme £m	Previously reported future programme £m	Reprofilng since last report £m	Other Changes since last report £m	2018+ Future Capital Budget
Children's Services	45.424	53.227	38.100		91.327
Adult Social Care	7.284	7.284	7.173		14.457
Community & Environmental Services	37.213	135.380	0		135.380
Managing Director's Department		0	0		0
Finance & Comm Servs	19.648	32.109	0	0	32.109
Total	109.569	228.000	45.273	0	273.273
				45.273	

Note: 1) this table may contain rounding differences

Financing the capital programme

1.9 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.

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

Table 4: Financing of the capital programme

Funding stream	2018-19 Programme	Future Years Forecast
	£m	£m
Prudential Borrowing	93.750	90.426
Use of Capital Receipts		
Revenue & Reserves	2.452	
<i>Grants and Contributions:</i>		
DfE	30.820	73.941
DfT	37.316	87.029
DoH	9.088	5.112
DCLG	0.359	
DCMS	0.699	3.580
Developer Contributions	22.686	7.700
Other Local Authorities	2.829	3.580
Local Enterprise Partnership	15.374	
Community Infrastructure Levy	0.783	1.500
National Lottery	0.195	
Other	2.173	0.401
Total capital programme funding £490.270m	218.525	273.270

Note: this table may contain rounding differences

1.11 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.

1.12 The most significant sources of funding continue to be the major government capital grants for transport and schools, and the authority's prudential borrowing.

1.13 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).

- 1.14 In October 2018, the Chancellor announced in the Budget the Government was allocating a further £420 million of new money nationally for local highways maintenance for 2018-19. This additional resource is being allocated using the highways maintenance funding formula and is for the repair of roads (including potholes), bridges and local highways infrastructure generally. Norfolk has received grant funding of £12.694m.

2 Specific Schemes – funding secured after September reporting period

2.1 Great Yarmouth Third River Crossing

On 15 October 2018 the County Council confirmed its commitment to the delivery of the Great Yarmouth Third River Crossing and approved additional funding to the capital programme in line with the following table:

Funding source	Total £,000	2017- 18	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23
DfT funding requested	98,088		3,941	4,668	31,362	41,837	16,280
NCC contribution	20,565	189	3,278	10,250	6,848	0	0
LEP contribution	2,000	1,682	318				
Total	120,653	1,871	7,537	14,918	38,210	41,837	16,280

On 5 September 2018, as part of the £98m requested in the table above, the Secretary of State confirmed a capital grant of £3.941m to be used specifically for the for the development of the business case or scheme preparation costs for the Third River Crossing scheme.

The current year's NCC contribution will be added in period 8, with future year's NCC contributions added with the future year's capital programme.

2.2 Living Well – Homes for Norfolk

On 29 October 2018, at the last meeting of this Committee, capital investment of up to £29m was approved to accelerate the development of extra care housing in Norfolk, with the aim of reducing unnecessary residential care admissions. Each scheme will be subject to a rigorous feasibility and financial assessment. Over the 10-year period it is estimated that the total programme could require between £17m and £29m depending on progress and grant subsidy levels. This will be added to the future year's capital programme.

2.3 Transforming the System for Special Educational Needs and Disability (SEND) in Norfolk Phase 1 and 2

On 29 October 2018, Policy and Resources Committee approved a scheme for the creation of new specialist SEND provision. Phase 1 is for £100m expenditure, with £4.8m forecast to be spent in 2018-19 which will be added to the current year's programme. A further estimated £20million for associated residential / outreach and early intervention services, including Preparing for Adult Life approved P&R Committee 29 October 2018. The future year's capital programme will be updated accordingly.

3 Capital Receipts

- 3.1 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.
- 3.2 The capital programme, approved in February 2018, 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. It included a table of potential property sales

Table 6a: Capital programme property disposal schedule estimates £m

Property sales potential	2018-19	2019-20	2020-21
	£m	£m	£m
General	3.517	0.017	0.740
Farms	0.946	1.885	1.460
Major development sites	3.650	3.600	
	8.113	5.502	2.200

- 3.3 The current revised schedule for disposals is now broken down by chance of sale within the year, as follows:

Table 6b: Disposals by chance of sale within year £m

Chance of sale	Potential receipt £m
Receipts secured (inc sales subject to contract)	1.439
High	0.884
Anticipated receipts 2018-19	2.323
Medium	1.725
Low	2.420
Major development sites	9.100
Maximum receipts potential	15.568

Following recent re-valuations after the original estimates were prepared, the forecast receipt from the major development sites has significantly increased.

Capital Annex 1 - changes to capital programme since last P&R Committee

Changes to capital programme since last P&R report			18-19	18-19	19-20+	19-20+	
Service	Project	Funding Type	Change (£m)	REPROFILE	Change (£m)	REPROFILE	Reason
Adult Social Care							
	Social Care Grant	Borrowing/external		- 7.173		7.173	Reprofiled as per expected expenditure
Total Adult Social Care			0.000	-7.173	-	7.173	
Children's Services							
	A1 - Major Growth	External - DfE/Developers		- 9.724		9.724	£1m for land at Bowthorpe, £3m basic need to be allocated in future years, £2.4m Lynnsport reprofiled on basis of Dec 18 start on-site, 1.5m Sprowston New Primary reprofiled as per cost report, £0.7m Sillfield - S106 received for use next year. Trowse £0.4m - reprofiled as start will be next financial year. St Michaels and John of Gaunt reprofiled as per spend review.
	A3 - Area Growth & Reorganisation	External - DfE		- 10.187		10.187	Gayton £1m and North Denes £5m reprofiled pending planning permission, Little Plumstead pending work on pupil numbers. Wymondham Expansion programme revised to reflect design progress, and Attleborough High programme revised in conjunction with DfE.
	B1 - Special Education Needs	External - DfE		- 2.112		2.112	£0.450 Alderman Swindell, still in feasibility so budgets adjusted accordingly. £1.6m SEN Pot reprofiled as per spend/budget review.
	B2	External		- 3.500		3.500	CS Sufficiency Strategy - £3.5m reprofiled as expected spend at 1.5m for current financial year.
	C2 - Major Capital Maintenance	External - DfE		- 11.900		11.900	Condition pots not required in current year reprofiled for allocation and use in future
	A4 - Growth Minor Adj	External		- 0.130		0.130	Hoveton St John revised programme to better reflect holiday build periods
	A2 - Master Planning	External - DfE/Developers		- 0.546		0.546	Sprowston Academy and Costessey Infant and Junior Amalgamation reprofiled as per updated cost report.
	D - ICT, Devolved budgets & Other Schemes	External - DfE/Developers	2.716				£2.7m S106 funding for Hethersett secured.
Total Children's services			2.716	-38.100	-	38.100	
Libraries							
	Various new projects	External - Developers	0.017				New projects all set up using S106 income
Highways		Internal funding	2.245				Adjustments to reflect latest funding position
		External LEP/CIL	-1.907				
		External DfT	-2.832				
		Borrowing	0.327				
		External - Other LA/Developers	0.958				
Total CES			-1.193	0.000	-	-	
County Farms	Avenue Farm, Halvergate	borrowing	0.002				Additional budget for purchase of Land at Halvergate
Total Finance			0.002	0.000	-	-	
Total			1.526	-45.273	-	45.273	

Norfolk County Council

Capital Annex 2: Capital programme planning 2019-22

Introduction

This annex sets out a framework for a Council-wide approach to the Capital Programme.

The three main objectives are to

- develop a capital programme which can be delivered to plan,
- minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure and
- prioritise schemes to provide a Council-wide comparison and to ensure the best use of scarce resources.

Context

The capital programme is agreed by County Council as part of budget preparation in February each year. The programme, which complements the Council's Asset Management Plans, consists of schemes improving and augmenting the Council's existing assets, including the provision of extra school places, maintenance and development of the County's highways network and improvement of the Council's office accommodation.

The progress on the capital programme and the associated sources of funding is monitored on a monthly basis throughout the year and reported regularly to Members.

Funding is limited so it is important that any system is able to demonstrate that projects are being prioritised on a council-wide basis with a clear focus on deliverability and maximising the use of limited funding.

Projects are considered at a high "programme" level to reflect the major external funding streams, the significant planning and prioritisation work already undertaken within Services, and the thousands of individual projects within major capital maintenance programmes for which Council-wide prioritisation would be impractical.

Contents

The following pages summarises the elements capital programme prioritisation:

Capital Annex 2A – Capital programme 2019-22 compilation

Capital Annex 2B – Marking scheme – with marking guide

Capital Annex 2C – Existing schemes and scores

Capital Annex 2D – Draft capital strategy

Capital Annex 2E – New capital schemes, in development

Norfolk County Council
Capital programme prioritisation 2018-21
Capital Annex 2A - Capital programme 2018-21 compilation

The three main objectives in compiling an affordable capital programme are:

- to provide an ambitious and deliverable programme to support the Council's objectives and to
- to avoid unaffordable revenue costs.

Funding for capital schemes comes from a variety of sources. Significant capital grants are received annually from the departments for Transport and Education, in the expectation that they will be spend on maintaining and improving schools and highways. Other funding, often relating to specific projects, comes from a variety of sources. Capital receipts can be used to fund capital expenditure, but where there are no unallocated capital receipts and schemes are financially "unsupported", then borrowing is necessary.

Funding unsupported schemes puts additional pressure on what is already a very tight revenue budget, so it is important where possible that if borrowing is required, that a source of income is identified to fund the future borrowing costs.

In developing the capital programme the following are taken into account:

1. Existing schemes and funding sources: a large part of the capital programme relates to schemes started in previous years or where funding has been received in previous years and will be carried forward.
2. Additional capital schemes approved during the year.
3. Prioritising new and on-going schemes on a Council-wide basis to ensure the best outcomes for residents. The prioritisation model is based on the model which has been used for a number of years.
4. The prioritisation process gives a high weighting to schemes which have funding secured. Where non-ringfenced capital grants are received there is an initial assumption that they will allocated to their natural home: for example DfT grants to highways, DfE grants to the schools capital programme.
5. Where a scheme does not have a funding source, priority is given to schemes which do not require borrowing and/or generate financial savings;
6. A capital project marking guide is based on the suggestions made in previous years.

Norfolk County Council
Capital programme prioritisation 2019-22
Capital Annex 2B –Marking scheme – with marking guide

Allocation of resources will be based on ranking. Schemes will be included up to the point that funding is available. This might mean that projects are banded into different funding categories.

	Heading	Reason		Scoring guide - Enhanced	Weighting
1	Statutory or Regulatory Duty	Is there a clearly identifiable requirement to meet statutory or regulatory obligations?	5 4 3 2 1 0	Specific and immediate statutory duty Statutory duty – but flexibility in its application Implied / indirect duty Project may enhance statutory provision Non NCC statutory duty No statutory duty addressed	10%
2	County Council priorities	Does the scheme directly contribute to the Council's vision, principles and corporate priorities?	5 4 3 2 1 0	One or more priorities very strong, or strong & covering a significant area of Norfolk Strong for one or more priorities Direct contribution, limited area Indirect contribution to more than one priority Indirect contribution to one priority No contribution to priorities	20%
3	Cross-service working	Will the scheme fulfil the objectives of more than one departmental service plan?	5 4 3 2 1 0	All Council Services involved in project delivery More than one service driving project Multi-agency (inc Non-NCC) working Direct enabler for other services/capital projects Indirect enabler to enhance cross-service working Single service project	10%
4	Impact on Council borrowing / contribution to revenue budget	Is prudential borrowing / capital receipt required (assume for this purpose that non-ring-fenced grants are applied to the natural recipient)?	5 4 3 2 1 0	No prudential borrowing required 100% : <i>Invest to save return</i> :or <i>direct</i> >75% : <i>or percentage not</i> : <i>benefit</i> >50% : <i>requiring prudential</i> : <i>to revenue</i> >25% : <i>borrowing</i> : <i>budget</i> No income generated / revenue benefit	25%
5	Leverage Value	Does the scheme generate funding from external grants or contributions (excluding non ring-fenced government grants)? The score is based on the percentage of total cost met by external resources.	5 4 3 2 1 0	100% and frees up other funds >80% : <i>percentage of total</i> >50% : <i>project cost met by</i> >20% : <i>funds generated from</i> >5% : <i>external sources</i> No external funding generated	15%

6	Flexibility / Scalability	Extent to which scheme can be flexed to a) provide alternative lower cost solutions and/or b) accommodate future short-term changes in the capital programme priorities.	5 4 3 2 1 0	Fully scalable and flexible, timing and budget Highly scaleable (budget) Partially scaleable (budget) Partially scaleable (timing only) Very limited flexibility No flexibility	10%
7	Avoidance of risk to service delivery	Will not doing the scheme result in a significant drop in the level of service that the Council provides?	5 4 3 2 1 0	Immediate / definite risk to service delivery Medium term risk to statutory service delivery Probable / medium term risk to service delivery Minor effect on statutory service delivery Minor effect on non-statutory service delivery No risk to current service delivery.	10%

Norfolk County Council
Capital programme prioritisation 2018-21
Capital Annex 2C – existing schemes and scores

	Stat or Regulatory duty	CC Priorities	Cross- service Working	Impact on Council borrowing	Leverage Value	Flexibility and Scalability	Avoidance of risk to service delivery	Total Score
	1	2	3	4	5	6	7	
Weighting	10	20	10	25	15	10	10	100
Scheme Title	Score	Score	Score	Score	Score	Score	Score	
On-going schemes in the 2019-22 capital programme								
Highways Capital Improvements	3	5	2	5	5	2	5	84
Highways Structural Maintenance	4	4	2	5	2	2	5	73
Highways other DfT grants	4	4	2	5	2	2	5	73
City Deal Local infrastructure	2	3	4	4	4	4	3	70
Temporary Classrooms	4	4	1	5	0	3	5	67
Northern Distributor Road	3	5	3	2	4	1	5	66
Schools Capital Maintenance	3	4	1	5	0	3	5	65
Elm Road, Thetford – Community Hub	4	4	1	5	0	3	4	65
Better Broadband	0	5	3	4	4	0	3	64
Better Broadband for Norfolk	0	5	3	4	4	0	3	64
School Basic Need	4	4	1	5	0	3	3	63
Delivery of CS Sufficiency Strategy	5	3	3	4	0	3	4	62
Additional highway investment	3	5	2	3	1	2	5	62
Closed Landfill Sites – leachate treatment pilot plant	4	4	0	5	0	2	4	61
Replacement fire engines	4	4	0	3	0	4	5	57
Norfolk One Public Estate programme	3	2	4	1	5	5	2	56
Server infrastructure	2	2	3	3	2	3	5	55
Customer Service Strategy	2	4	4	2	0	3	5	54
DfT Challenge Fund	4	4	1	0	5	4	2	53
Technology and investment programme (transformation)	2	2	3	3	2	4	3	53
Children's Services capital projects to be funded from prudential borrow	3	4	1	3	0	2	5	53
Fire various equipment	4	4	0	3	0	2	5	53
Fire Aerial Appliance	4	3	0	3	0	4	4	51
Fire Operational equipment	4	3	0	3	0	4	4	51
Scottow Enterprise Park capital	0	5	4	2	0	3	3	50
Flood Mitigation measures	3	4	1	1	3	3	3	50
Norse, additional loan facility	0	1	1	4	3	5	2	49
Norwich Castle Keep development match funding	2	4	1	1	5	2	1	48
Farm property capital maintenance	2	1	0	5	0	3	4	47
Libraries Open+	2	2	1	3	0	4	5	47
Community Equipment and Assistive Technology Capitalisation	3	3	0	3	0	2	5	47
Street Lighting LED	2	3	3	3	0	4	1	47
Norwich Castle museum business critical M&E services	4	3	2	2	0	2	4	46
Corporate offices capital maint	2	2	5	1	0	5	4	45
ICT – Control systems relocation from Hethersett to Wymondham	3	1	3	3	0	2	5	45
Licencing and generic capital improvements	2	2	1	3	2	4	1	45
Museums access improvements	4	4	2	2	1	1	1	45
Fire Property Maintenance	2	2	5	1	0	5	4	45
Voice and data contract – capital	2	2	4	1	2	2	4	43
ICT servers, network, data centre	2	2	4	1	2	2	4	43
County Hall works and improvements	0	2	3	3	0	3	4	43
Development of Ketteringham Site	2	2	3	1	3	3	2	42
Jubilee Centre Norwich	2	4	2	2	0	1	3	42
Fire station fire detection systems	4	3	2	1	0	2	4	41
Vauxhall Centre Underground Car Park	0	2	0	5	0	3	1	41
Replacement HWRC Norwich	3	4	0	1	0	1	5	39
Basement/Lower Ground	0	2	3	3	0	3	2	39
County Hall North Wing	0	2	3	3	0	3	2	39
Hethersett Fire Station site remodelling, including Whitegates relocation	0	1	2	5	0	3	0	39
New Green infrastructure – development of the network	2	2	0	2	3	3	1	39
Travel & Transport - ITS move	0	2	3	3	0	3	2	39
Contribution towards new hospice at Framingham Pigot – "Nook" appeal	1	4	3	0	5	0	0	39
Whitlingham capital repairs	1	2	3	2	0	2	4	38
Capitalisation of library books	2	3	0	2	0	3	3	38
Single Employee Portal	2	2	5	1	0	3	2	37
Live fire unit	2	3	0	1	0	4	4	37
Replacement room booking system	0	2	2	3	0	2	3	37
Capitalisation of corporate capital staff costs where applicable	2	2	1	3	0	3	1	37
GRT – site Improvements	4	2	3	0	1	2	4	37
Managing Asbestos Exposure	5	1	1	0	0	5	5	36
Replacement of Self Service Kiosks in Libraries	2	2	0	2	0	3	4	36
On-street parking scheme development costs	4	2	0	2	0	2	3	36
Repay Debt (Dummy reference bid)	0	0	0	5	0	5	0	35

Norfolk County Council
Capital programme prioritisation 2018-21
Capital Annex 2D – DRAFT capital strategy

Appendix D: DRAFT Capital strategy 2019-20

1 Capital Strategy Introduction

- 1.1 As local authorities become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. With local authorities having increasingly wide powers around commercialisation, more being subject to group arrangements and the increase in combined authority arrangements it is no longer sufficient to consider only the individual local authority but also the residual risks and liabilities to which it is subject.
- 1.2 The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members

2 Purpose and aims of the Capital Strategy

- 2.1 In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the CIPFA Prudential Code for Capital Finance in Local Authorities (2017) states that authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 2.2 The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members
- 2.3 In considering how stewardship, value for money, prudence, sustainability and affordability can be demonstrated local authorities should have regard to the following key areas:
- Capital expenditure
 - Debt, borrowing and treasury management
 - Commercial activity
 - Other long-term liabilities
 - Knowledge and skills.

The Director of Finance and Commercial Services has considered the affordability and risk associated with the capital strategy and where appropriate has taken specialised advice.

3 Capital expenditure

3.1 Governance process for approval and monitoring of capital expenditure

The Council's capital programme is approved as part of the budget setting process. Prior to the start of each financial year, usually in February, the County Council agrees a future three or four-year capital programme including a list of projects with profiled costs and funding sources.

At the year-end unspent capital funding on incomplete projects is carried forward to the following year as part of the closedown process and approved at the Council's Policy and Resources (P&R) Committee. New schemes added during the year which require prudential borrowing are also approved by this Committee. Where additional external funding is received by on-going capital projects, this is added to the programme and noted by P&R Committee.

An outturn report each year gives details of actual expenditure and funding.

3.2 Policies on capitalisation

3.2.1 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The de-minimis level for property, plant and equipment is £40,000.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

3.2.2 Heritage Assets

Heritage Assets are assets which increase the knowledge, understanding and appreciation of the local area and its history. The recognition of Heritage Assets is consistent with the Council's Property, Plant and Equipment policy, including the £40,000 de-minimis.

Apart from Heritage Assets previously accounted for as Community Assets, Heritage Assets acquired before 1 April 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-effective basis.

3.2.3 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

3.3 Long-term view of capital expenditure plans

3.3.1 The Council's Service areas consider their capital expenditure plans in the context of long term service delivery priorities and "Norfolk Futures: The Council's Strategy for 2018-2021. Historically, larger government capital grants development and capital maintenance of highways and schools have formed the basis of an affordable capital programme. This supplemented by other funding sources, specific grants, and prudential borrowing. Long term capital planning includes the following schemes:

3.3.2 **Adult Social Services - Living Well – Homes for Norfolk:** capital investment of up to £29m over 10 years has been approved to accelerate the development of extra care housing in Norfolk, with the aim of reducing unnecessary residential care admissions. Each individual scheme will be subject to a rigorous feasibility and financial assessment. Over the 10-year period it is estimated that the total programme could require between £17m and £29m depending on progress and grant subsidy levels.

3.3.3 **Transport** – Officers are developing strategic schemes (with partners where applicable) which may attract funding. Examples of schemes being considered are:

- A47 improvements including dualling and junction improvements
- A11 Thetford junction and other improvements
- A140 Long Stratton bypass
- Rail enhancements to accommodate planned passenger and freight services
- Rail halt at Broadland Business Park
- Great Yarmouth Flood Defence Infrastructure
- Great Yarmouth Port development

The Council has confirmed its commitment to the delivery of the Great Yarmouth Third River Crossing.

3.3.4 **Children's Services:**

SEND provision: As part of the transformation the System for Special Educational Needs and Disability (SEND) in Norfolk. On 29 October 2018, Policy and Resources Committee approved a capital scheme for the creation of new specialist SEND provision. Phase 1 is for £100m expenditure over 3 years. A further estimated £20million for associated residential / outreach and early intervention services, including Preparing for Adult Life is forecast for years 3-5.

Schools: The Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. Government capital grants, along with funding from other sources such as developer contributions are used to support the Council's strategic plans for the provision of additional places when and where required, and for improving the quality of existing Council-maintained school buildings.

3.4 Overview of asset management planning

3.4.1 Asset management planning

The majority of asset management planning falls under three major areas of capital spend: highways, schools, and corporate property.

3.4.1.1 Highways

Norfolk's Transport asset management plan 2017-18 – 2021-22 was approved by Norfolk County Council 10 April 2017, and can be found at

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/roads-and-travel-policies/transport-asset-management-plan>

As the highways authority for Norfolk, the Council has a responsibility to maintain, operate and improve its highway assets (eg roads and bridges). The landscape is one of increasing financial pressure, significant backlogs of maintenance, accountability to funding providers and increasing public expectations.

The Council's Transport Asset Management Plan identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure. This plan is developed in the context of longer term local transport plans eg "Connecting Norfolk: Norfolk's Transport Plan for 2026".

3.4.1.2 Schools

Each year the Council rolls forward its approved schools' capital building programme, making revisions to the existing programme and adding new schemes to reflect pressures and priorities. An annual Committee reporting cycle is as follows:

- November – identification of emerging capital pressures and priorities
- January - Growth and Investment Plan (incl. pupil place pressures)
- May – funding allocations and proposed revisions to capital programme.

The member lead Children's Services Capital Priorities Group monitors the progress of the capital programme and considers in detail projects of concern, based on a regular risk assessment.

3.4.1.3 Corporate Property

The Council's Business and Property Committee has responsibility for developing and monitoring property and asset management, in addition to the oversight and development of County Farms. It is supported by the Council's Corporate Property Team.

The Council's Asset Management Plan (AMP) sets out a framework for property management. The latest Corporate Asset Management Plan 2016-2019 "One Public Service – One Public Estate" identifies the key strategic policy and resource influences affecting Norfolk and the Council and in response sets a direction for asset management over the medium term, enabling its property portfolio to be optimised to meet identified needs. The plan can be found at:

<https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/finance-and-budget/corporate-asset-management-plan-2016-to-2019.pdf>

3.4.2 Costs of past and current expenditure funded through borrowing

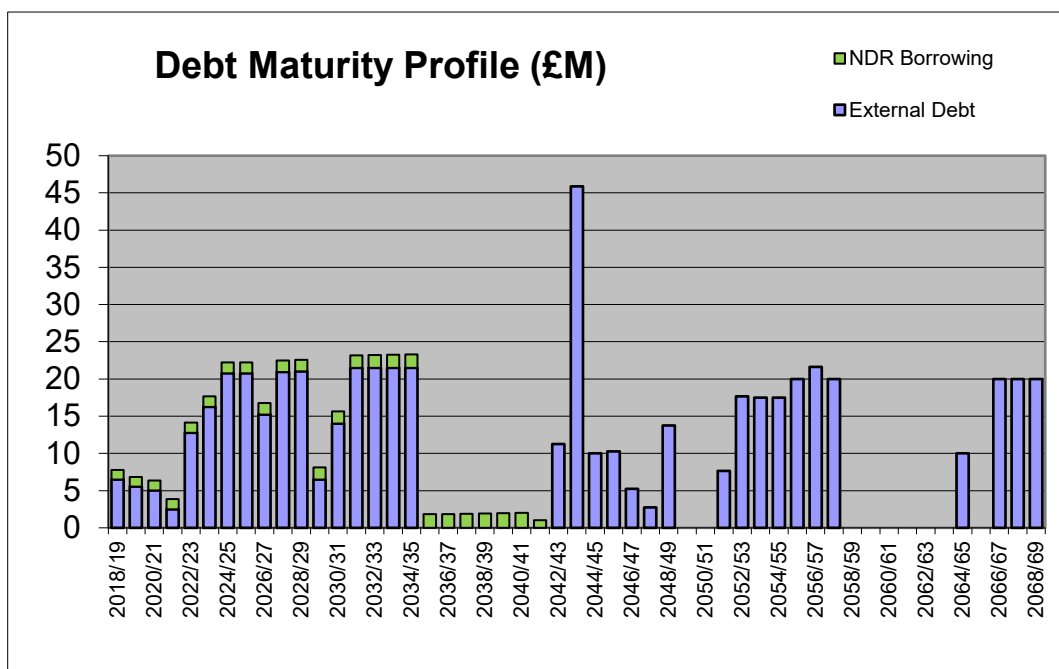
3.4.2.1 Actual borrowing and borrowing requirement

	£m
Borrowing 31 March 2018	533
New Borrowing April – October 2018	50
Principal repayments 2018-19	-7
Forecast additional borrowing 2018-19	20
Forecast borrowing 31 March 2019	596
Other long-term liabilities (PFI + leases) 31 March 2018	63
Forecast borrowing and long-term liabilities 31 March 2019	659
Capital financing requirement 1 April 2018	738
Additional borrowing 2018-19 assuming no further slippage	93
MRP and use of capital receipts to repay debt	(8)
Forecast capital financing requirement 31 March 2019	823
Forecast borrowing requirement 31 March 2019	164

(Note: figures as at October 2018)

3.4.2.2 Repayment profile of borrowing

The Council borrows in order to fund capital expenditure. This chart shows the repayment profile of borrowing undertaken as at 31 October 2018:



Due to the setting aside of an annual minimum revenue provision (see below), the charge to annual revenue budgets is based on notional borrowing and asset lives, rather than the actual maturities shown in the graph above.

3.4.2.3 Interest and MRP costs

This table shows the cost of interest on borrowing and MRP budgeted for 2018-19. MRP (minimum revenue provision) is the amount the Council sets aside each year from revenue in order to service the repayment of debt, and is based on the cost and estimated life of assets funded through supported borrowing to 2008 and prudential borrowing thereafter.

Borrowing revenue costs	£m
Budget external loans 2018-19	27.8
Calculated MRP 2018-19	22.5
Theoretical revenue costs of borrowing	50.3
Use of capital receipts	-4.0
Use of external contributions	-2.1
Reduction due to previous overpayments of MRP (temporary adjustment)	-14.7
Annual revenue costs of borrowing 2018-19	29.5

Additional borrowing will increase the cost of interest, but the current low interest rates compared with the higher rates of borrowing on repaid debt is assisting with the funding of new borrowing costs.

The reduction due to previous overpayments of MRP will be available until 2020-21. Thereafter, full MRP is accounted for in the MFS, and additional debt-funded capital expenditure will increase annual MRP.

3.4.3 Maintenance requirements

Services include the revenue costs of maintenance in their revenue budgets, including the costs and savings relating to capital investment.

3.4.4 Planned disposals

The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

In the event of a property asset becoming surplus to an individual service, proposals for retention are only agreed if supported by identified budgets and a robust business case showing the benefits to the County Council.

Assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further County Council requirement the Business and Property Committee is asked to formally declare property assets surplus or to re-designate for alternative purposes. The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale. External advice, for example valuation and/or planning, is taken where appropriate.

3.5 Restrictions around borrowing or funding of ongoing capital finance

Apart from the general requirements on local authorities to ensure that their borrowing is prudent and sustainable, there are no specific external restrictions around the Council's borrowing or funding of ongoing capital finance.

4 Debt, borrowing and treasury management

4.1 Projection of external debt and use of internal borrowing

The Council uses external debt and internal borrowing (from working capital cash balances) to support capital expenditure. As shown above there will be a forecast borrowing requirement at 31 March 2019 of £164m.

Except in the case of specific externally financed projects (such as the NDR), new borrowing is 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. The Council continues to use cash balances for this purpose and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

Based on forecast interest rates and cash balances, new borrowing of at least £50m in 2019-20 and £30m 2020-21 is anticipated.

Assuming outstanding borrowing of approximately £1bn with an maximum life of 50 years, and annual MRP exceeding £20m pa from 2021-22, an element of any borrowing decision will be to smooth out the repayment profile such that new borrowing does not cause debt maturing in any one year to exceed £25m, except 2042-43 which includes a large repayment of commercial and PWLB debt.

4.2 Provision for the repayment of debt over the life of the underlying debt

Provision for the repayment of debt over the life of the underlying debt is made through the setting aside of the minimum revenue provision each year. Based on an assumption of £30m capital expenditure funded by borrowing each year, with assets having an average estimated life of 25 years, forecast provision for the repayment of debt is as follows:

Financial year	MRP	MRP over-payment reduction	Net MRP forecast (Note 1)
	£m	£m	£m
2017-18	20.1	12.6	7.5
2018-19	22.5	14.7	7.8
2019-20	24.7	16.9	7.8
2020-21	26.0	15.6	10.4
2021-22	28.7	0.3	28.4

Note 1: impact on revenue budget will be reduced by the use of capital receipts to repay debt, and external contributions to debt repayment.

Note 2: the estimate of £30m annual expenditure is lower than suggested by the capital programme, but accounts for slippage and is in line with historic spend.

4.3 Authorised limit and operational boundary for the following year

The Council's authorised borrowing limit and operational boundary for 2019-20 will be based on the approved capital programme at the time of budget setting.

4.4 Approach to treasury management

The Council's approach to treasury management including processes, due diligence and defining the authority's risk appetite will be set out in the annual Treasury Management / Investment Strategy, approved annually by the County Council.

5 Commercial activity

One of the seven priorities contained within Norfolk Futures: The Council's Strategy for 2018-2021 is commercialisation. Within this priority, the 3 key focus areas are:

- Improving the return on existing assets and the return on investments;
- Making the Council's trading functions more profitable and charging fully (including overheads) where the charging framework is set out in statute;
- Implementing a more business-like approach to managing our services.

In addition, the "Towards a Housing Strategy" priority contains a specific commercialisation focus area:

- by undertaking direct housing development on council owned land, a council-owned development company will provide a new income stream (via the developer's profit) to NCC.

Elements of the capital programme are focussed on these aims, including capital improvements to property, and providing capital loan facilities to the council's wholly owned companies.

The Council's capital investments are policy driven. It has no capital or property investments which are held 1) purely to generate a return or 2) out of County.

Non-treasury investments, including loans to companies, and investment properties as defined for statutory accounting purposes are listed in detail in regular Treasury Management reports.

6 Other long-term liabilities

6.1 The Council's other long-term liabilities comprise PFI liabilities (six schools in the Norwich area, street lighting throughout Norfolk, and salt barns) and lease liabilities (for example vehicles and ICT equipment).

6.2 The PFI arrangements continue to be monitored to ensure performance is in accordance with contract requirements. All PFI arrangements are subject to member approval. No PFI arrangements are currently being pursued.

6.3 All leases are subject to general budgetary constraints, with service departments taking budget responsibility for the length of the lease. Finance leases are arranged through Link Asset Management, the Council's treasury management advisors.

6.4 As set out in the Council's annual Statement of Accounts the Council has historically given several financial guarantees for project funding. Since 2008 financial guarantees have to be accounted for as a financial instrument – there are no such guarantees

material to the accounts. Any guarantees and contingent liabilities are costed and approved as part of the annual capital programme.

7 Knowledge and skills

- 7.1 The Council has number of specialist teams delivering the capital programme, including schools, transport and the Corporate Property Team.
- 7.2 These teams are supplemented by professional external advisors as necessary, including Norfolk Property Services, professional highways consultants, and external valuers.

Capital Annex 2E – new capital schemes in development

The table on the pages below show costed items proposed as additions to the capital programme.

Service Area	Title	2019-20	2020-21	2021-22+	Additional information
		£m	£m	£m	
ASC	Living Well - Homes for Norfolk	3.000	3.000	23.000	On 29 October Policy and Resources Committee approved capital investment of up to £29m to accelerate the development of extra care housing in Norfolk with the aim of reducing unnecessary residential care admissions. Each scheme will be subject to a rigorous feasibility and financial assessment. Over the 10-year period it is estimated that the total programme could require between £17m and £29m depending on progress and grant subsidy levels.
	Total ASC	3.000	3.000	23.000	
Children's Services					
	Transforming the System for Special Educational Needs and Disability (SEND) in Norfolk Phase 1	35.000	60.200		On 29 October 2018, Policy and Resources Committee approved a scheme for the creation of new specialist SEND provision. Phase 1 is for £100m expenditure, with £4.8m forecast to be spent in 2018-19.
	Transforming the System for Special Educational Needs and Disability (SEND) in Norfolk Phase 2			20.000	A further estimated £20million for associated residential / outreach and early intervention services, including Preparing for Adult Life approved P&R Committee 29 October 2018.
	Total Children's Services	35.000	60.200	20.000	
CES	Highways Capitalisation				
	Great Yarmouth 3 rd River Crossing – element underwritten by prudential borrowing.	10,250	6,848		On 15 October 2018 County Council approved the addition of £120.653m to the capital programme for the construction of the Great Yarmouth 3 rd River Crossing. Within this is £20.565m of costs underwritten by prudential borrowing, of which £3.467m has been allocated in 2018-19.
	Highways – Capitalisation of Highways activities	1.559	1.559	1.559	Capital maintenance including footways, drainage and bridges.
	Norwich Western Link	0.974			Match Funding for the Pooled Business rates bid for the development of the scheme in 2019/20.
	Highways – Additional LED roll out	0.100	0.100	0.100	
	NDR Part 1 claims	2.700	1.300	1.000	NDR (Broadland Northway) "Part 1" costs: compensation for residents and owners whose property has been reduced in value following the completion of the NDR.

	Community, Information and Learning (CIL) – Customer Services	0.230			Customer Services Project management for Digital improvements – indicative estimate.
	CIL - Wensum Lodge redevelopment	0.400			Further development to RIBA stage 1, of scheme to redevelop the Wensum Lodge site including surveys and design development.
	Household Waste Recycling centres				
	HWRC – North A11/ South Norwich	0.175	1.750		Capital investment to enhance the network of household waste recycling centres and make them more efficient and suitable for planned growth. Delivery planned for 2019-20 and 2020-21. Further details can be found in a Recycling Centre Sites and Service Provision report to 9 November 2018 EDT Committee.
	HWRC – Mid All Corridor		0.200	2.000	
	HWRC – Sheringham Improvements	0.150	1.500		
	HWRC – Morningthorpe Improvements		0.150	1.500	
	Caister Transfer station	0.240	2.400		
	HWRC – North A11/ South Norwich	0.175	1.750		
	Fire				
	Critical Equipment 2021-22			0.150	Extended funding for NFRS requirement to replace, update and develop the services critical equipment programme.
	Gorleston Fire Station capital maintenance	0.024			Preventative capital maintenance including replacement doors.
	Great Yarmouth Fire Station refurbishment	0.152			Improving facilities including lecture facilities and showers, and replacement doors.
	Great Yarmouth Fire Station capital maintenance.	0.017			Installation of working at height training facility.
	NFRS Compressor Room capital maintenance	0.150			Upgrade work to 5 air compressor rooms
	Red fleet capital maintenance 2021-22			1.000	Extended funding for NFRS red fleet replacement programme
	Sprowston Fire Station capital maintenance	0.023			Refurbishment of ground floor toilets and showers
	Thetford Fire Station capital maintenance	0.385			New vehicle storage building and upgraded training facilities
	West Walton Fire Station capital maintenance	0.067			New separate female & accessible toilet & shower facilities
	Acle Fire Station capital maintenance	0.035			New gas boiler and supply to replace current oil fired system
	Attleborough Fire Station capital maintenance	0.102			Reconstruction of drill yard
	CES - other				
	Gypsy, Roma and Traveller sites	0.186			Improvements at two Gypsy, Roma Travellers sites relocation of Water meters and site improvements.
	Culture and Heritage – Gressenhall Development	0.400			Redevelopment of the “play area” at Gressenhall Museum to improve the visitor offer.

	Development of Norfolk Infrastructure – Development team	0.350	0.350		Project development costs to support the development and delivery of Key Infrastructure
	Experience Targeted Tourism Project	0.150	0.150	0.150	Match funding for part funded European funded project.
	Norfolk Record Office Metadata Migration Project	0.042	0.033		Project will deliver the new metadata management system, and attract an additional £0.015m external funding in 2019-20.
	Ash Die Back – capital repair and replacement	0.050	0.050	0.070	Capital costs of making safe and replacing unsafe Ash trees, on NCC assets, that have suffered from Ash Dieback.
	Investment in Recycling Norfolk's Disused Railways	0.350			Expansion of trails network to support the visitor economy and health and wellbeing strategy through the Norfolk Cycling and Walking Strategy. More details given in report to 9 November 2018 EDT Committee.
	Local Service Strategy	0.500			Capital investment that will be required to deliver the multi user hubs.
	Scottow Enterprise Park – new build workshops	1.200	1.000	1.400	Expansion of SEP with new office and workshop space. 50% to be funded by NALEP
	Total CES Capital Requirement	21.136	19.140	8.929	
Finance and Comm Servs	Property				
	County Hall capital maintenance continuance		1.000	1.000	Continuation of regular capital maintenance of County Hall. In 2015 a capital bid was approved for an allowance of £1m pa over 3 years for capital maintenance expenditure, to replace plant, or other equipment / infrastructure that has reached its life end.
	Accommodation rationalisation programme	3.000	2.000	1.000	Minor capital refurbishment works in various buildings, for example, Priory House, Attleborough and several others being planned as part of the rationalisation programme tot co-locating various teams, under the LSS or related strategies. This will result in buildings being closed where they are not needed and in turn generate capital receipts and/or revenue savings.
	Annex Car Park	0.560			The existing annexe carpark is subject to flooding and needs to have a drainage solution installed which will then require a new surface.
	Finance				
	Wholly owned companies – capital loan facility	10.000			In future, Treasury Management strategies, approved in advance by County Council, will require non-treasury

					investments including capital loans to companies to be included. Loans will be subject to appropriate due diligence. The proposed facility is designed to cover potential capital loan proposals from Repton Property Developments, Hethel Innovation and/or the Norse Group.
	Potential capital grant: Nest project	0.500			Potential capital grant funding towards supporting community sports in Norfolk. The Nest project will result in a new multi-purpose community hub in Horsford, on the former Anglia Windows Social Club site.
	Capital grants – former children’s centres	0.500			Capital grant fund with aim of retaining Children’s Centres predominantly for use by children and young people subject to agreement of eligibility and bidding criteria.
	Total Finance and Commercial Services	14.560	3.000	2.000	
	Total proposed new bids	73.696	85.340	33.929	

Children's Services capital priorities for 2019-20

The Children's Service Capital Priorities Group have identified the following projects as priorities for the use of Basic Need and Capital Maintenance grant funding (ref 13 November 2018 Children's Services Committee, Schools Capital Programme report, Annex B).

Project	Description	Project Delivery *	Funding
Blofield Primary School	Relocation and expansion of existing school onto a new site	2018-2021	Basic Need and CIL
Brundall Primary School	Improvement to existing school to secure accommodation for 1.5FE	2019/20	Basic Need
Swaffham Infant School	Reorganisation to 1FE primary school in response to growth and organisational changes	2019/20	Basic Need
Swaffham Junior School	Reorganisation to 2FE primary school in response to growth and organisational changes	2019/20	Basic Need and S106 contributions
Admission pressures 2019/20	Works to address pressures identified via the Admissions round	2018-2021	Basic Need
Temporary Classrooms 2019/20	Placement of modular temporary accommodation at school sites experiencing either a bulge year of entry or the first year/continuing years of sustained pupil number growth. Pupil numbers are not yet known. Dependent on closure of admissions round.	Target delivery by Sept 2019	Basic Need
Land costs for new schools	Part funding required for land available through housing developments. Funding for new school provision to ensure sufficient school places for Bowthorpe	All years	Basic Need
(i) Capital Maintenance and (ii) Academy transfer funds	(i) Projects of approximately £500,000 not covered by schools' devolved formula capital based on assessment by NPS surveyors. (ii) Liabilities for NCC properties on conversion to academies, case by case, each subject to CPG approval	2019	Capital maintenance grant

Policy and Resources Committee

Item No 11

Report title:	Delivering Financial Savings 2018-19
Date of meeting:	26 November 2018
Responsible Chief Officer:	Simon George – Executive Director of Finance and Commercial Services
Strategic impact	
<p>This report provides details of the forecast year-end position in respect of the delivery of the 2018-19 savings agreed by the County Council at its budget meeting 12 February 2018. The realisation of planned savings is central to the achievement of a balanced outturn position for the year and also impacts on planning for the 2019-20 Budget.</p>	

Executive summary

County Council agreed savings of £29.999m for the year as part of the 2018-19 budget setting process. This report provides Members with details of the forecast outturn position in delivering these savings.

The report particularly comments on the exceptions to successful delivery which have been rated RED or AMBER.

Members are recommended to consider:

- a) the total projected shortfall of £5.695m in 2018-19, which amounts to 19% of total savings;
- b) the budgeted value of 2018-19 savings projects rated as RED of £3.542m, of which £1.057m are forecast to be delivered;
- c) the budgeted value of 2018-19 savings projects rated as AMBER of £12.145m, of which £8.715m are forecast to be delivered;
- d) the budgeted value of GREEN and BLUE rated projects of £14.312m, where we are forecasting to deliver £14.532m.
- e) the forecast changes to assumptions and rescheduling of savings totalling £4.200m in 2019-20, £3.000m in 2020-21 and £2.500m in 2021-22, which have been reflected in budget planning.

1. Savings overview

1.1. The County Council, as part of setting its budget for 2018-19, agreed net savings of £29.999m. A summary of the total savings, including the savings identified for subsequent years of the Medium Term Financial Strategy agreed

as part of the 2018-19 budget process, is provided in this report. Full details of savings can be found in the [2018-19 Budget Book](#).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. The information in this report is informed by monitoring reports to Service Committees. The decision to rate a project as RED is based on the criteria shown above, which ensures that a common standard across all Service Committees is maintained in the monitoring for Policy and Resources.

2.3. As at Period 6 monitoring, the RAG status and forecast savings delivery is anticipated as shown in the table. This is unchanged from the Period 5 position in the previous report to this Committee.

Table 2: 2018-19 savings by RAG status

RAG Status	Budgeted value of savings 2018-19	Percentage of total savings value	Previous forecast savings 2018-19 (Period 5)	Savings Outturn Forecast 2018-19 (Period 6)	Change in savings position	Savings shortfall 2018-19
	(a)	(b)	(c)	(d)	(c)-(d)	(a)-(d)
	£m	%	£m	£m	£m	£m
Red	-3.542	12%	-1.057	-1.057	0.000	-2.485
Amber	-12.145	40%	-8.715	-8.715	0.000	-3.430
Green / Blue	-14.312	48%	-14.532	-14.532	0.000	0.220
Total	-29.999	100%	-24.304	-24.304	0.000	-5.695

¹ <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

2.4. Four savings projects have been rated as RED, representing a budgeted total savings value of £3.542m. £1.057m of these savings are forecast to be delivered as set out in Table 2. This represents a shortfall of £2.485m (8.3% of total budgeted savings), which relates to RED rated projects.

2.5. Three savings projects have been rated as AMBER, representing a budgeted total savings value of £12.145m. £8.715m of these savings are forecast to be delivered. This represents a shortfall of £3.430m (11.4% of total budgeted savings), which relates to AMBER rated projects.

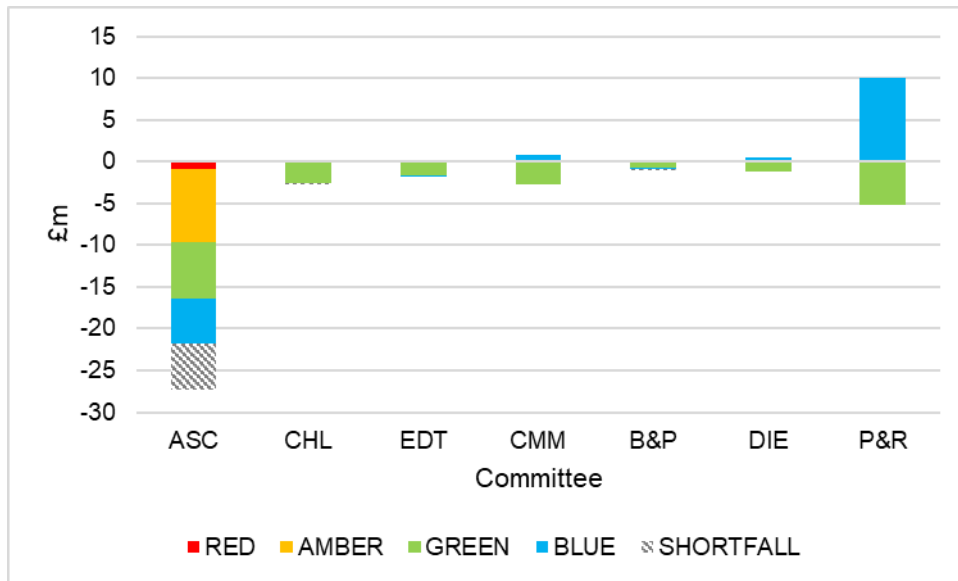
2.6. One saving rated as GREEN is forecast to be overachieved by £0.220m in 2018-19.

2.7. This results in a **total shortfall of £5.695m** forecast at year end.

Table 3: Committee analysis of 2018-19 savings forecast and RAG status

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	-0.893	0.000	0.000	0.000	-0.164	0.000	0.000	-1.057
Amber	-8.715	0.000	0.000	0.000	0.000	0.000	0.000	-8.715
Green / Blue	-12.145	-2.499	-1.660	-1.803	-0.651	-0.726	4.952	-14.532
Total	-21.753	-2.499	-1.660	-1.803	-0.815	-0.726	4.952	-24.304
Savings (shortfall) / over delivery	-5.537	-0.142	0.220	0.000	-0.236	0.000	0.000	-5.695
Total	-27.290	-2.641	-1.440	-1.803	-1.051	-0.726	4.952	-29.999

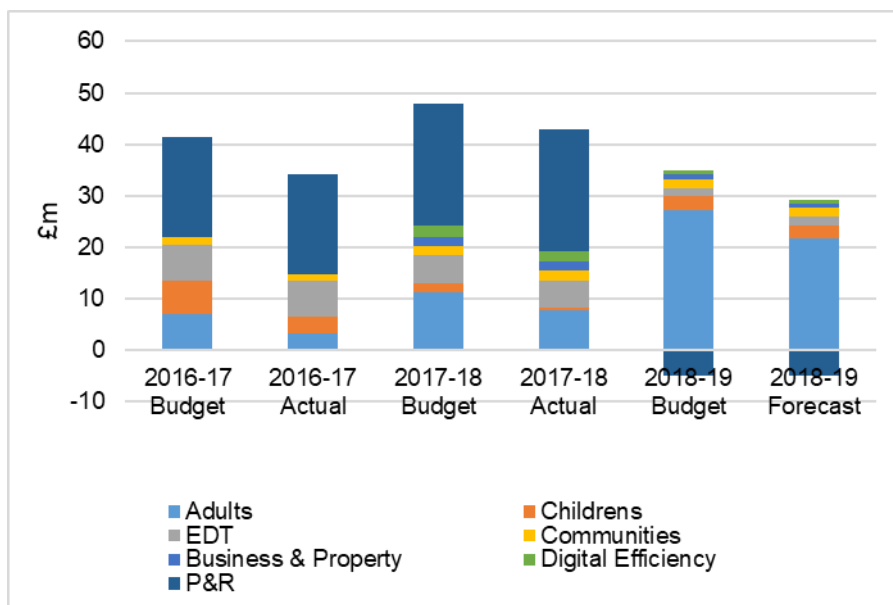
Figure 1: Committee analysis of 2018-19 savings forecast and RAG status



3. Delivery of savings

3.1. The graph below shows the delivery of savings against budget by Committee, with comparative data for 2016-17 and 2017-18.

Figure 2: Savings targets and actual / forecast delivery by Committee



3.2. The 2018-19 budget monitoring report elsewhere on this agenda sets out details of the forecast overall outturn position for the year. Actions may be required during the year within Service budgets to find offsetting savings to

mitigate any delay to the achievement 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 2018-19 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2018-19 Budget report to County Council. 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 in order to minimise risks to the Council's overall financial position and support the delivery of the 2018-19 Budget.

3.3. Wider actions that are being taken within each Committee to deliver savings will be reported to Policy and Resources Committee through the year.

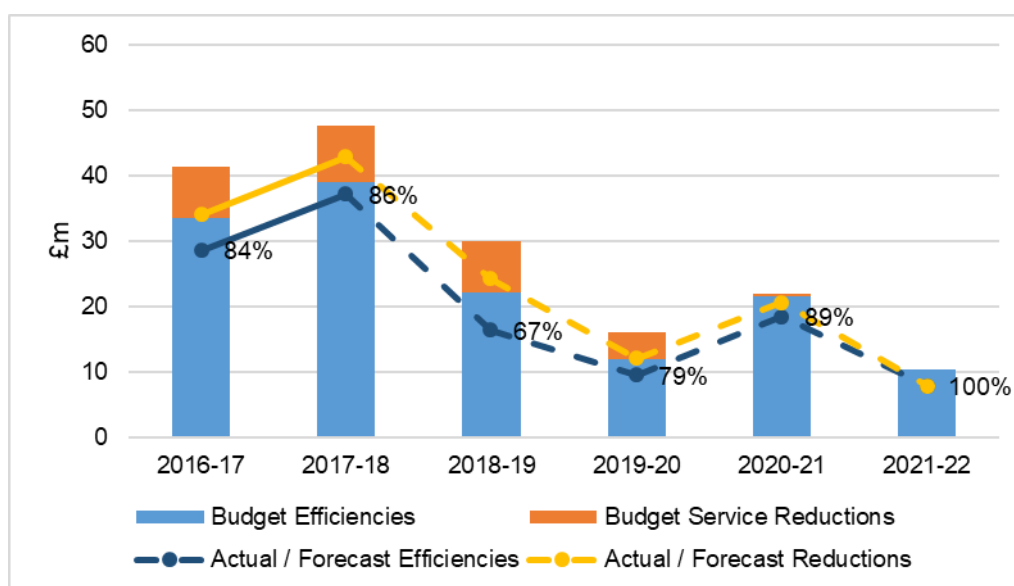
3.4. Planned savings for 2018-19 have been analysed to provide the split between back office savings and those with an impact on front line services as shown in the table below.

Table 4: Forecast delivery of savings by type

	2018-19	2019-20	2020-21	2021-22	2018-22 Total
	£m	£m	£m	£m	£m
Efficiency savings and increasing income	-6.259	-0.722	-8.473	-7.900	-23.354
Efficiency savings – providing statutory services differently	-10.059	-8.700	-10.000	0.000	-28.759
Reducing service standards and ceasing services	-7.986	-2.535	-2.200	0.000	-12.721
Forecast savings delivery	-24.304	-11.957	-20.673	-7.900	-64.834
(Shortfall) / over delivery	-5.695	-4.200	-1.300	-2.500	-13.695
Total planned savings	-29.999	-16.157	-21.973	-10.400	-78.529

3.5. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2015-16. In 2018-19, 74% of savings are budgeted to be achieved through efficiencies.

Figure 3: Savings – support services compared to front line



4. Commentary on savings rated RED

4.1. Four savings have been rated as RED in respect of 2018-19, representing a savings shortfall of £2.485m within RED rated projects. Commentary on the RED rated savings is provided below.

Adults

- Saving ASC008 Promoting Independence – Housing with Care – shortfall **£0.450m**: The department has developed a business case and revenue model as part of the work of its newly formed Older People Housing Board. This paper was presented at the Adult Social Care October Committee meeting. Through work between internal officers, consultants and external partners, such as the district and borough councils, we will develop new units within Norfolk. This will provide older people in Norfolk a more independent alternative to residential care. The variance in savings delivery is again the direct result of the time it takes to develop and build these new units.
- Saving ASC013 Radical review of daycare services – shortfall **£1.657m**: As part of the LD strategy, the department is delivering transformation to support a sustainable range of day opportunities to meet the diverse needs of people and their families. The focus will be on community participation, targeted support (with a skills and employment focus) and locality hubs for those with complex needs. We are working with existing day opportunity and employment providers alongside people with a learning disability and their families to develop and pilot new models. The variance in savings

delivery is the direct result of the time it takes to evolve these services and support and enable existing people accessing the services.

Children's

- Saving CHL042 Reduction in legal expenses – shortfall £0.142m: Forecast overspend on the budget due to high level of tribunal cases and other proceedings. It is expected the pressure can be reduced by increased focus on managing this spending area. This will include ensuring legal resource is not used for elements of case preparation that can be carried out more efficiently by other teams.

Business and Property

- Saving P&R027 Property savings – shortfall £0.236m: Progress has been made against the delivery of the savings targets for 2018–19 with planned exits from a number of key buildings including Vantage House. However, a more detailed assessment is being undertaken of the obligations and opportunities within the current budget and the outcome will be reported at a later Committee meeting.

5. Commentary on savings rated AMBER

5.1. Three savings have been rated as AMBER in respect of 2018-19, representing a savings shortfall of £3.430m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

Adults

- Saving ASC006/ASC011/ASC015 Promoting Independence for Younger Adults – shortfall £2.727m: The department has a structured programme of work to focus on our service offer for people with a Learning Disability (LD), which is held to account by an LD Steering Group and LD Partnership Board. This underpins the work required to implement the LD Strategy. The variance in savings delivery is the direct result of the time it takes to support and promote a person's independence when they have previously been receiving a different type or level of care services. Many of the people who access our services, may well have been in receipt of these services for a significant period. With people who are currently not receiving adult services, but may be supported by Children's or Education services, we are working with our colleagues in Children's services to develop a new Preparing for Adult Life service.
- Saving ASC006/ASC011/ASC015 Promoting Independence for Older Adults – shortfall £0.566m: The department is reformulating its social work offer, starting with its Community Care teams, by implementing a roll-out

of the Living Well: 3 Conversations model of social work. The initial Community Innovation sites have seen promising results in terms of outcomes for people and delaying the need for formal care. The variance in savings delivery is the direct result of the time it takes to fully imbed this model and begin to realise the full benefits of the new ways of working.

- Saving ASC034 Prevent carer breakdown by better targeted respite – shortfall £0.137m: Whilst we continue to review and enhance our support towards Carers, including the development of a Carers charter, we have presently been unable to recruit to a new key operational carers post that will be the lead in the development of our social care practice. The arrangements for driving forward this area of change are being considered as a result of the recruitment slippage, including a review of the grading for this post by HR Reward. The commissioned support provided by Carers Matters for unpaid carers are working in a preventative model with carers that promotes independence and ensures early support and advice for carers. Workshops with unpaid carers have been held in three sessions across the county as part of the work underway to shape the respite offer for unpaid carers going forward.

6. Commentary on overachieved savings

6.1. One saving is currently forecast to overachieve by £0.220m in 2018-19.

Saving EDT055 Change the construction and demolition waste concession at all recycling centres – overachievement of £0.220m: As part of setting the 2018-19 budget for the Recycling Centre service we expected to be able to deliver a £0.280m saving by changing the charges for DIY construction and demolition waste (and potentially more, once in operation and we could fully assess the impact). Based on the current information available, we expect the reduction to be in the region of £0.500m. This overachieved saving is anticipated to be required to mitigate spending pressures in other areas of CES budgets in 2018-19. Further details about the wider financial position for waste budgets are set out in the Financial Monitoring report elsewhere on the agenda.

7. 2019-20 to 2021-22 savings

7.1. Budget setting in 2018-19 saw the approval of £16.157m savings for 2019-20, £21.973m for 2020-21 and £10.400m savings for 2021-22. The assumptions relating to these are being reviewed as part of the 2019-20 budget process

with the result that budget planning work has identified gross risks totalling **£4.200m for 2019-20, £3.000m for 2020-21 and £2.500m for 2021-22.**

The following savings are therefore subject to changed assumptions and rescheduling, which is reflected in budget planning.

- Property savings (£1.500m 2019-20, £1.000m 2020-21, £0.500m 2021-22) – **shortfall** in future year Property savings and income targets. A detailed assessment is being undertaken of the obligations and opportunities within current budget plans. The outcome will be reported to a future Committee meeting.
- CHL041 (£1.700m 2019-20) – **delay** to part of the £3.000m saving from remodelling the Children’s Centre offer to 2020-21.
- CHL044 (£1.000m 2019-20, £2.000m 2020-21, £2.000m 2021-22) – **consolidation** of Looked After Children savings. Children’s Services LAC savings have been reviewed in budget planning for 2019-20, with these LAC savings now to be fully delivered through the Norfolk Futures Safer Children and Resilient Families Programme.

8. Summary

8.1. The forecast outturn savings position for planned savings shows shortfalls of £5.537m in Adult Social Care, £0.142m in Children’s Services and £0.236m in Business and Property. This is partially offset by the over delivery of £0.220m in Environment, Development and Transport. 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.

Background Papers

Budget Book 2018-19 <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

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

Planned savings 2018-22 and 2018-19 forecast

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
COM040/ ASC003	Transport savings including reducing provision and reducing any subsidy paid by the Council	-0.700	-1.000			-0.700
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway	-5.630	-5.307	-5.000		-3.370
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway	-1.632	-3.393	-5.000		-1.434
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-1.164				-0.697
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-3.033				-2.665
ASC007	Promoting Independence - Reablement	-0.500				-0.500
ASC008	Promoting Independence - Housing with Care	-0.500	-0.500			-0.050
ASC009	Promoting Independence - Integrated Community Equipment Service	-0.250				-0.250
ASC013	Radical review of daycare services	-2.500				-0.843
ASC016- 019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-3.400				-3.400
ASC020	Remodel contracts for support to mental health recovery	-0.275				-0.275
ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-0.230				-0.230
ASC032	Review charging policy to align to actual disability related expenses	-0.400				-0.400

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
ASC033	Accommodation based reablement	-0.550				-0.550
ASC034	Prevent carer breakdown by better targeted respite	-0.686				-0.549
ASC035	Investment and development of Assistive Technology approaches		-0.300	-0.500	-0.700	0.000
ASC036	Maximising potential through digital solutions	-0.049	-0.951	-2.000	-3.000	-0.049
ASC037	Strengthened contract management function	-0.300	-0.300	-0.200	-0.200	-0.300
ASC038	Procurement of current capacity through NorseCare at market value		-0.600	-1.000		0.000
ASC039	Capitalisation of equipment spend	-2.300				-2.300
ASC040	Reduction in funding for invest to save	-0.191				-0.191
ASC041	One-off underspends in 2017-18 to be used to part fund 2018-19 growth pressures on a one-off basis	-3.000	3.000			-3.000
Adults Total		-27.290	-9.351	-13.700	-3.900	-21.753
CHL013	Update our budget for retirement costs for teachers	-0.100				-0.100
CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.309				-0.309
CHL041	Remodel the children's centre service offer	-2.000	-3.000			-2.000
CHL042	Reduction in legal expenses	-0.142	-0.142			0.000
CHL043	Reduce the reliance on agency social workers through the improved permanent recruitment and retention		-0.200			0.000
CHL044	Reduced Looked After Children's costs through implementation of the Demand Management and Prevention Strategy transformation programme		-1.000	-2.000	-2.000	0.000
CHL045	Increased income received for Early Years training	-0.090				-0.090

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
Children's Total		-2.641	-4.342	-2.000	-2.000	-2.499
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				-0.200
EDT028	Intelligent transport systems	-0.085				-0.085
EDT032	Waste Strategy - focussed on waste reduction and minimisation				-1.850	0.000
EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	0.030				0.030
EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17	1.500				1.500
EDT049	Succession of milder winters justifies a reduction in the winter maintenance budget	-0.400				-0.400
EDT050	Improved management of on-street car parking		-0.150	-0.350		0.000
EDT051	Re-profiling the public transport budget	-0.250				-0.250
EDT054	Reducing spend on non-safety critical highway maintenance	-0.200				-0.200
EDT055	Change the construction and demolition waste concession at all recycling centres	-0.280				-0.500
EDT056	Reduce waste reduction activity	-0.150				-0.150
EDT057	Further roll-out of street lighting LEDs	-0.160	-0.160			-0.160
EDT059	Changing back office processes and efficiency	-0.085				-0.085
EDT060	Capitalisation of activities to release a revenue saving	-1.065				-1.065
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.095				-0.095
Environment, Development and Transport Total		-1.440	-0.310	-0.350	-1.850	-1.660

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
CMM022	Libraries and Information Service - re-model of service and income generation	-0.387	-0.235			-0.387
CMM023	Fire and Rescue Service - sharing headquarters and control room at Police HQ and capitalisation of activities to release a revenue saving	-0.490				-0.490
CMM036	Registration Service income generation - develop business opportunities within the service to generate additional income.	-0.080				-0.080
CMM039	One-off saving through re-setting budgets for leased equipment	0.090				0.090
CMM040	Capitalisation of library books 16-17	1.000				1.000
CMM042	Providing a joined up Library and Children's Centre Services			-0.500		0.000
CMM043	Income generation – Norfolk Museums Service	-0.070		-0.400		-0.070
CMM044	Income generation – Norfolk Records Office	-0.030				-0.030
CMM045	Income generation – Norfolk Community Learning Services			-0.125		0.000
CMM046	Income generation – Library and Information Service		-0.020	-0.111		0.000
CMM047	Registrars Service – external income	-0.120	-0.100	-0.150		-0.120
CMM048	Changing back office processes and efficiency	-0.043				-0.043
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.025				-0.025
CMM050	Vacancy management – customer services	-0.120	-0.030			-0.120
CMM051	Norfolk Community Learning Services – remodelling the staff structure, including staffing reduction	-0.150	-0.050			-0.150
CMM052	Capitalisation of activities to release a revenue saving	-0.030				-0.030

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
CMM053	Reduction in Healthwatch grant	-0.189				-0.189
EDT058	Vacancy management and streamlined management arrangements	-0.159				-0.159
CMM054	Using Public Health Grant funding to support the delivery of Public Health activity throughout the Authority	-1.000		-1.500	-1.500	-1.000
Communities Total		-1.803	-0.435	-2.786	-1.500	-1.803
EDT020	Economic development match funding - Cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities.	-0.051				-0.051
P&R027 /P&R058 /P&R060	Property savings 2017-20 Budget	-0.400	-1.000	-0.650	-0.650	-0.164
B&P001	Property – return from property development company – Repton Property Developments Ltd		-0.500	-1.000	-0.500	0.000
B&P002	Property – further centralisation of existing property budgets	-0.400	-0.400	-0.400		-0.400
B&P003	Property – seeking opportunities to reduce fees paid to NPS	-0.100	-0.100			-0.100
B&P004	Property – reducing facilities management costs	-0.075	-0.075			-0.075
B&P005	Economic Development - Closer/joint working with New Anglia Local Enterprise Partnership	-0.025				-0.025
Business and Property Total		-1.051	-2.075	-2.050	-1.150	-0.815
EDT048	Use of Better Broadband Reserves	0.500				0.500
P&R050/ P&R062/ P&R063/ P&R064	2017-20 budget round savings relating to IMT (Finance and Commercial Services)	-1.226				-1.226
P&R082	Release ICT lease budget no longer required		-0.059			0.000

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
DIE001	IMT – various savings within IMT including: · Exit from the HPE contract · Restructuring and headcount reduction (management and technical support costs) · Income generation, particularly services for schools		-0.941	-0.700		0.000
Digital Innovation and Efficiency Total		-0.726	-1.000	-0.700	0.000	-0.726
P&R050 /P&R062 /P&R063 /P&R064	2017-20 budget round savings relating to Procurement (FCS)	-0.063				-0.063
P&R051	Raising revenue by an increased ESPO dividend	-0.100				-0.100
P&R052	Cutting costs through efficiencies: work across Teams to deliver reductions in cost and headcount over two years	-0.500				-0.500
P&R066	Second Homes income	-0.722				-0.722
P&R076	Insurance Fund contribution	1.350				1.350
P&R077	Implementation of Minimum Revenue Provision policy	0.136	0.290			0.136
P&R078	Remove use of capital receipts in 17-18 to fund MRP	4.000				4.000
P&R081	Remove one-off use of reserves to be identified in June 2017	5.813				5.813
P&R083	Nplaw services - external income	-0.100	-0.100	-0.150		-0.100
P&R084	Internal Audit - income generation	-0.010				-0.010
P&R085	Finance service - income generation	-0.050				-0.050
P&R086	Coroners relocation to County Hall		-0.042	-0.050		0.000
P&R087	Reduce the budget for the Equality and Diversity Team which is spent on supporting community events	-0.025				-0.025
P&R088	Coroners mortuary facilities	-0.025	-0.025			-0.025
P&R090	Finance Exchequer Services savings	-0.300	-0.060			-0.300

APPENDIX 1

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Forecast
		£m	£m	£m	£m	£m
P&R091	Procurement - capitalisation	-0.050				-0.050
P&R092	Finance service - vacancy review	-0.100				-0.100
P&R093	Use of general capital receipts in 18-19 to fund MRP	-2.000	2.000			-2.000
P&R094	Use of airport deferred capital receipts in 18-19 to fund MRP	-0.840	0.840			-0.840
P&R095	Second homes council tax		-0.722			0.000
P&R096	Increased ESPO dividend	-0.200				-0.200
P&R098	Increased NORSE dividend	-0.250	-0.750			-0.250
P&R099	Managing Director's Department savings to be identified including use of one-off reserves in 2018-19	-0.574	-0.075	-0.187		-0.574
P&R100	Second Homes NIF	-0.438				-0.438
Policy and Resources Total		4.952	1.356	-0.387	0.000	4.952
Norfolk County Council Total		-29.999	-16.157	-21.973	-10.400	-24.304

Policy and Resources Committee Item

No 12

Report title:	Mid-Year Treasury Management Monitoring Report 2018-19
Date of meeting:	26 November 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact This Mid-Year Treasury Management Monitoring 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 on the Treasury Management activities of the County Council for the period 1 April 2018 to 30 September 2018.	

Executive summary

The regulatory framework for treasury management requires full Council to receive a mid-year monitoring report on treasury activities.

This report provides information on the treasury management activities of the County Council for the period 1 April 2018 to 30 September 2018.

The Bank of England base rate increased on 2 August 2018 by 0.25%, from 0.5% to 0.75%. Long term borrowing rates remain historically low.

At 30 September 2018, the Council's external debt was £581m and its investments totalled £144m, including £50m new PWLB borrowing taken out in the first 6 months of 2018-19 at rates of between 2.26% and 2.44%.

Members are asked to:

endorse and recommend to County Council, the Mid Year Treasury Management Monitoring Report 2018-19.

1. Introduction

- 1.1 The County Council is required by regulation issued under the Local Government Act 2003 to produce a mid-year report on its treasury management activities.
- 1.2 The annex to this report sets out the treasury management activities of the County Council for the six month period from 1 April 2018 to 30 September 2018.

2. Evidence

- 2.1 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.
- 2.2 The annex summarises:
 - An economic overview
 - Cash Balances and Cash Flow Management
 - Investment Performance
 - Counterparty Maintenance
 - Non-treasury investments
 - Long Term Borrowing and Debt Management Activity
 - Treasury Management Prudential Indicators
 - Minimum revenue provision

3. Financial Implications

This report brings together information on the treasury management activities of the County Council for the six month period 1 April 2018 to 30 September 2018. Regular treasury management monitoring reports have been produced during this period and any financial implications have been incorporated within the financial monitoring reports to Policy and Resources Committee. Therefore there are no additional financial implications to consider in this report.

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 Mid Year Treasury Management Report provides information on the County Council's treasury management activities operating within the approved risk management framework. Operationally, a risk register is maintained to monitor risks and control measures.

5. Background

- 5.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code) defines treasury management as:

"The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 5.2 The County Council recognises the importance of monitoring treasury management activities, with regular reports being presented to the Treasury Management Panel and Policy and Resources Committee throughout the year.

Officer Contact

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Mid Year Treasury Management Monitoring Report 2018-19

1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code), requires that the County Council receives a mid-year review of treasury activities in addition to the forward looking annual investment and treasury strategy and backward looking annual treasury report. The Annual Investment and Treasury Strategy for the current year (2018-19) was approved by County Council on 12 February 2018.
- 1.2 The County Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned and managed.
- 1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.4 Accordingly treasury management is defined as:
- “The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 1.5 The County Council recognises the importance of monitoring treasury management activities, with regular reports being presented to the Treasury Management Panel and Policy and Resources Committee throughout the year.
- 1.6 This mid-year review provides commentary on economic conditions produced by Link Asset Services (the Council's external treasury advisors) and details treasury activities for the period 1 April 2018 to 30 September 2018 including; cash balances and cash flow management, investment performance, counterparty management, long term borrowing/debt management and prudential indicators.
- 1.7 **Capital Strategy:** In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -
- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability

A report setting out our Capital Strategy will be taken to full Council as part of the capital programme papers in February 2019.

- 1.7 **Treasury Management Strategy:** The Council's Treasury Management Strategy for 2018-19 was approved by full Council on 12 February. Since that time there have been no policy changes to the current year's strategy.

2. Link's Economic Overview and interest rate forecasts

2.1 Economic update

UK

- 2.1.1 The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.
- 2.1.2 Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.
- 2.1.3 As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses).
- 2.1.4 In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. Link's central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up

USA

- 2.1.3 President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma,

however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

Eurozone

- 2.1.4 Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

Other

- 2.1.5 Chinese Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
- 2.1.6 Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

2.2 Link Interest Rate Forecast

- 2.2.1 The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

- 2.2.2 The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the

cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

2.2.3 The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

3. Cash Balances and Cash Flow Management

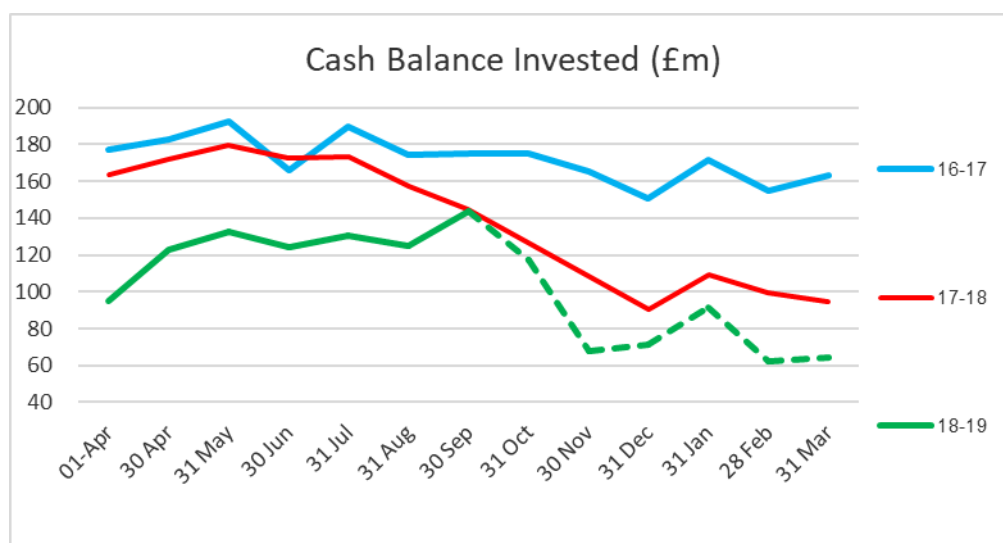
3.1 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme. The average level of cash balances year to date totals £112m.

3.2 Cash balances are managed internally and have been invested in accordance with the Council's approved Authorised Lending List.

3.3 A key objective of cash flow management is to minimise balances held in the Council's bank accounts at zero interest.

3.4 Of the 400 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 bank accounts by aggregating and investing surplus cash balances on a daily basis.

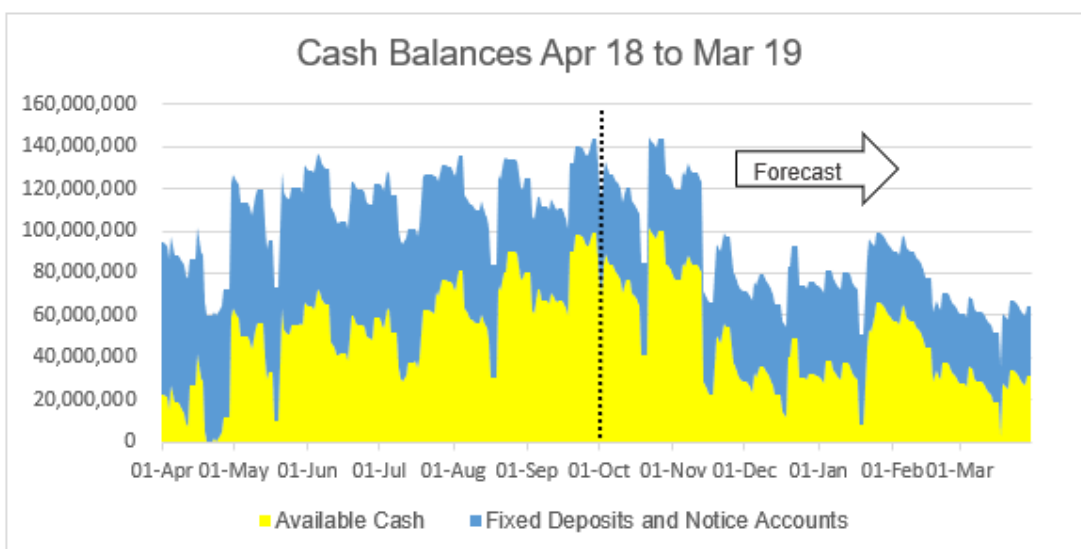
3.5 Cash balances available for investment have increased from £95m at 1 April 2018 to £144m at 30 September 2018. The increase is after taking into account borrowing of £50m. The table below shows the level of cash balances over the last two and a half years with a forecast, assuming a further £20m additional borrowing, for the next 6 months to March 2019 (dashed green line).



3.6 Long term cash deposits have reduced due to a reduction in cash balances (before new borrowing). However, a proportion of the Council's cash balances remain invested in medium and longer term deposits where higher rates of return can be achieved. As a result, short term (overnight) borrowing may be necessary from time to time. The costs

of temporary borrowing are currently absorbed because interest rates are currently significantly lower than medium/longer term deposit rates.

- 3.7 During the year to September the County Council borrowed short term. This was between 20 April and 1 May, and was the result of a change in dates of precept payments which had not been built into long term forecasts. The maximum borrowed was £17.5m and the total interest cost was £1.2k.
- 3.8 Details of daily liquidity are provided in the graph below. The bottom yellow segment of the graph shows the actual daily liquidity (the amount of cash on instant access deposit) compared with cash invested for longer fixed periods (top blue segment of the graph). The forecast average daily liquidity level, assuming £20m additional long term borrowing, is around £50m.



4. Investment Portfolio

4.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate.

4.2 At 30 September 2018, the Council held £144m of investments. The profile of these investments is shown in the table below.

Institutional Sector	Liquid £M	Upto 3 Months £M	Upto 6 Months £M	Upto 9 Months £M	Upto 12 Months £M	Over 12 Months £M
UK Banks	60	0	10	20	0	10
Non-UK Banks	0	0	0	0	0	0
Building Societies	0	0	0	0	0	0
Money Market Funds	38.926	0	0	0	0	0
Other	0	5	0	0	0	0
Total	98.9	5	10	20	0	10

4.3 A more detailed investment profile is shown at Appendix 1a.

4.4 The average interest rate earned year to date is 0.89% (comparative period in 2017 0.95%). This compares favourably with the average London Interbank Bid Rate (LIBID) – outperforming the current 12 month LIBID deposit rate. The rate earned is less than last year's comparative figure due to the reduction in cash balances and the amount of long-term fixed deposits. The table below gives a monthly cumulative year-to-date comparison against the LIBID benchmarks for 7 day, 3 month, 6 month and 12 month.

2018/19	Interest Earned Year to Date (%)	7 day LIBID Year to Date (%)	3 Month LIBID Year to Date (%)	6 Month LIBID Year to Date (%)	12 Month LIBID Year to Date (%)
Apr 18	0.99	0.36	0.63	0.74	0.90
May 18	0.92	0.36	0.57	0.68	0.85
Jun 18	0.89	0.36	0.55	0.67	0.84
Jul 18	0.88	0.36	0.57	0.68	0.85
Aug 18	0.89	0.41	0.59	0.70	0.87
Sep 18	0.89	0.44	0.61	0.71	0.88

4.5 Gross interest earned for the period 1 April 2018 to 30 September 2018 is £0.497m (comparative period in 2017: £0.756m).

4.6 In addition, the County Council has undertaken daily treasury management activities on behalf of the Norfolk Pension Fund, the Norse Group, and Independence Matters.

Average cash balances managed on behalf of these other bodies totalled £22m, earning interest of £0.062m in the six months to 30 September 2018.

- 4.7 Approved limits within the Annual Investment Strategy were not breached during the period covered by this report. A summary of treasury prudential indicators and the position at 30 September 2018 is shown in Appendix 1b.

5. Counterparty Maintenance

- 5.1 The Executive Director of Finance and Commercial Services is responsible for maintaining an Approved Counterparty List in accordance with the criteria as set out in the approved Annual Investment and Treasury Strategy 2018-19. Credit rating information is supplied by our treasury advisors on all active counterparties. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer term change) are provided by our treasury advisors immediately they occur. A wide range of market information such as Credit Default Swap prices and share price is also taken into account. The Approved Counterparty List is therefore actively managed on a day-to-day basis and when an institution no longer meets the Council approved counterparty criteria, it is immediately removed.
- 5.2 There has been no credit rating downgrades during the period 1 April 2018 to 30 September 2018 that have resulted in counterparties being removed from the approved counterparty list.

6. Non-treasury investments

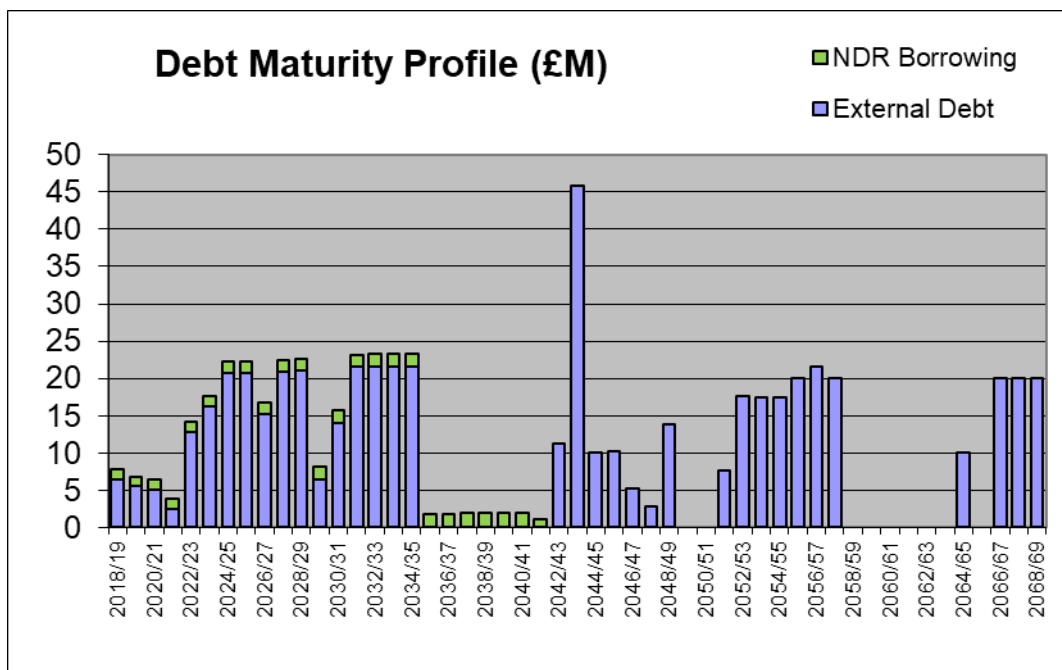
- 6.1 Following updates to Treasury Management reporting requirements from 2019-20 under the revised CIPFA Code, local authorities will have to report more information on their non-treasury investments. Appendix 3 lists non-treasury investments made or held by the authority, with a short explanation of the objectives for each one.

7. Long Term Borrowing/Debt Management

- 7.1 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 temporary cash resources within the County Council pending long term borrowing.
- 7.2 In accordance with the approved 2018-19 Investment and Treasury Strategy, the County Council maintains a flexible approach to borrowing for capital purposes which avoids the 'cost of carrying debt' in the short-term but which will recognise the Council's need to borrow in the medium term. As a result, the Council has taken advantage of historically low interest rates to borrow a proportion of its unfunded capital financing requirement.
- 7.3 4 tranches of borrowing have been taken in the 6 months to September 2018, as set out in the table below:

Lender	Date	Amount	Rate	Term
PWLB	16/04/18	20,000,000	2.34	49 Years
PWLB	31/05/18	10,000,000	2.26	46 Years
PWLB	13/08/18	10,000,000	2.38	50 Years
PWLB	11/09/18	10,000,000	2.44	50 Years

- 7.4 At 30 September 2018, the Council's external borrowing (debt outstanding) totalled £581M. The re-payment profile for debt is shown below.



- 7.5 Appendix 2 shows debt maturities during the last 2 years, including the amount of debt repaid, the rate of interest and interest savings.

- 7.6 The Council's overall borrowing requirement in 2018-19 is expected to be approximately £150m, taking in to account the £50m already borrowed, and anticipating a further £20m of in-year borrowing. This represents past capital expenditure for which the approved borrowing has not yet been drawn down. The Executive Director of Finance and Commercial Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in the economic forecast (Section 2). Prior to any borrowing, the additional pressure on current and future revenue interest payables budgets will be fully taken into account.
- 7.7 The PWLB provides a facility to restructure debt, including early repayment of loans and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges. Prevailing PWLB interest rates continue to be monitored on a regular basis in order to identify possible repayment opportunities.
- 7.8 The Council continues to maintain its total gross borrowing level within its Authorised Limit of £870m for 2018-19. The Authorised Limit being the 'affordable borrowing limit' required by section 3 of the Local Government Act 2003, and includes "other long term liabilities" such as PFI commitments and leases, as well as PWLB and other borrowing.

8. Treasury Management Prudential Indicators

- 8.1 As part of the Annual Investment and Treasury Strategy Report in February 2018 County Council approved a number of indicators intended to restrict the activity of the treasury function to certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The indicators cover;
- Maximum principal sums invested > 365 days
 - Fixed and variable interest rate exposure
 - Maturity profile of debt
- 8.2 The Prudential Code requires regular monitoring to be undertaken in-year against all key indicators. Monitoring is reported to Policy and Resources Committee on an 'exception basis'. Monitoring of the 2018-19 treasury management approved indicators has highlighted no deviation from expectations or breaches of limits as at 30 September 2018. Further details are shown in Appendix 4.

9. Minimum Revenue Provision

- 9.1 MHCLG Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State in February 2018 states that local authorities may choose to pay more MRP than they consider prudent in any given year. If they do so they should separately disclose the in-year and cumulative amount of MRP overpaid in the Statement presented to full Council.

	£m
Cumulative amount of MRP previously overpaid 1 April 2018	50.293
Forecast use of overpaid MRP	-14.700
Forecast MRP previously overpaid carried forward 31 March 2019	35.593

10. Issues, risks and innovation

- 10.1 The County Council's treasury management activities provide for 'the effective management of risk while pursuing optimum performance consistent with those risks.' The Mid Year Treasury Management Report provides information on the County Council's treasury management activities operating within the approved risk management framework. Operationally, a risk register is maintained to monitor risks and control measures.

Officer Contact

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

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Email address: howard.jones@norfolk.gov.uk



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 18001 0344 800 8020 (textphone) and we will do our best to help.

Outstanding Deposit Profile @ 30th September 2018

Appendix 1

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
Barclays Bank Plc				
Barclays Bank Plc	Instant Liquidity		0.70	60
				60
Close Brothers Limited				
Close Brothers Limited	19-Apr-18	19-Apr-19	1.20	10
				10
Goldman Sachs Intl Bank				
Goldman Sachs 370 Day Notice	Not yet called		1.11	10
Goldman Sachs 370 Day Notice	23-May-17	24-Jan-19	0.99	10
Goldman Sachs 370 Day Notice	23-May-17	18-Apr-19	0.99	10
				30
Norse Group				
NPS Property Consultants Ltd	19-Sep-18	03-Oct-18	3.35	1
NPS Property Consultants Ltd	19-Sep-18	04-Oct-18	3.35	1
NPS Property Consultants Ltd	26-Sep-18	10-Oct-18	3.35	1
NPS Property Consultants Ltd	28-Sep-18	12-Oct-18	3.35	1
NPS Property Consultants Ltd	28-Sep-18	15-Oct-18	3.35	1
				5
Federated				
Federated Money Market Fund	Instant Liquidity		0.70	38.9
				38.9
Total Deposits				143.9

* Latest rates as at 30th September 2018

In addition deposits of £7.265m were held on behalf of other bodies:

Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd and Independence Matters.

Appendix 2

Debt Maturities 2017/18 to 2018/19			
Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
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
11/04/2018	£1,000,000	4.625%	£46,250
15/06/2018	£500,000	9.250%	£46,250
30/09/2018	£1,500,000	5.000%	£75,000
11/10/2018	£500,000	4.625%	£23,125
11/10/2018	£500,000	9.750%	£48,750
15/12/2018	£500,000	9.250%	£46,250
31/03/2019	£500,000	9.375%	£46,875
31/03/2019	£1,500,000	5.000%	£75,000
2018/19	£6,500,000		£407,500
Apr 17 to Mar 19			
	£13,025,000		£798,500

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 £m	Authority / Objectives	Funding and other notes
Infrastructure related loans			
GNGB/CIL support for NDR ("Broadland Northway")	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. The first repayment was triggered in December 2017, since when regular repayments have been received.
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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 is due on the 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 started August 2018, with increased principal repayments in 2024 and 2025. Loan will be fully repaid by 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 from 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	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.

		formal agreement dated 12 February 2018 with effect December 2017.	
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		

During the financial year to date, interest and principal has been repaid in accordance with the individual loan agreements.

Financing

Financing for the Broadland Northway (formerly 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		
	Owned jointly with Norwich City Council 60:40					
Note	Rental income			Capital appreciation		
Reason for ownership:						
Financial year	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
	£m	£m	£m	£m	£m	£m
Net rental income £m	0.507	0.464	0.487	n/a		
Fair value £m	11.439	11.789	13.620	10.090	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 or primary objective as explained below.

Income generating property purchases	Investment	Authority	Objectives	Due diligence	Financing	Relevant powers
--	£m					
Purchase of farmland Halvergate, Norfolk	£1.686m inc prof'n'l fees	On 15 May 2018 the Business and Property Committee agreed to the purchase of 168.91 acres (68.36 ha) of farm land at Avenue Farm, Halvergate. The sale completed 13 June 2018.	Under the County Farms policy (County Council October 2014) the Council has a strategic objective to maintain the size of the Estate at 16,000 acres or more, and to maintain rental values which in turn generate an annual return to the County Council to help support frontline services.	An independent land agent was appointed by the Council who provided a Purchase Advice Report. Based on the comparable evidence provided within that report the acquisition cost was within market reasoned levels and therefore achieves good value. The land is located near to Burlingham Estate being an important part of the Norfolk County Council's current estate holdings.	As a result of the decision to purchase the farm, £1.686m was added to the capital programme. This will ultimately be finance by capital receipts from the sale of farmland.	Local Government Act 1972. Agriculture Act 1970.

Treasury Prudential Indicators

Indicator		Original Indicator £m or %	Actual Year to Date	Headroom: Actual - Indicator	Forecast to Year End	Notes
External Debt Limit (Authorised)		870.355	646.185	224.170	708.318	Debt for the purpose of this indicator includes notional lease and PFI liabilities
Operational Boundary Limit		825.764		179.579		
Debt - Upper Limit on Fixed Interest Rate Exposure		100%	94.6%	5.4%	94.8%	From 2019-20 the interest rate exposure indicator will be removed. Instead, the TM Strategy will state how interest rate exposure is managed and monitored. The greater than 365 days revenue investment indicator is a reasonable proxy because cash invested less than a year, even at fixed rates, is effectively variable over the Council's budget cycle.
Debt - Upper Limit on Variable Interest Rate Exposure		30%	5.4%	24.6%	5.2%	
Investment - Upper Limit on Fixed Interest Rate Exposure		n/a	31.3%	n/a	46.4%	
Investment - Upper Limit on Variable Interest Rate Exposure		n/a	68.7%	n/a	53.6%	
Upper Limits for Fixed Rate Maturity Structure	Under 12 months	15%	1.2%	13.8%	1.1%	
	12 months to 2 years	15%	0.9%	14.1%	1.1%	
	2 years to 5 years	45%	5.6%	39.4%	5.9%	
	5 years to 10 years	75%	17.9%	57.1%	17.6%	
	10 years to 20 years	100%	23.2%	30.9%	20.5%	
	20 years to 30 years		12.7%		12.0%	
	30 years to 40 years		21.0%		20.1%	
	40 years to 50 years		12.1%		16.5%	
Upper Limits for Variable Rate Maturity Structure	Under 12 months	15%	0.0%	15.0%	0.0%	The Council's LOBO loans total value £31.25m are included under this indicator. The rates will become variable if interest rates exceed set percentages. This is not forecast to happen in the short or medium term.
	12 months to 2 years	15%	0.0%	15.0%	0.0%	
	2 years to 5 years	45%	0.0%	45.0%	0.0%	
	5 years to 10 years	75%	0.0%	75.0%	0.0%	
	10 years to 20 years	100%	0.0%	94.6%	0.0%	
	20 years to 30 years		5.4%		5.4%	
	30 years to 40 years		0.0%		0.0%	
	40 years to 50 years		0.0%		0.0%	
Total principal funds invested for greater than 365 days		100.000	10.000	90.000	10.000	Indicator set when there were more cash balances to invest. For 2019-20 this will be changed to no more than 50% of total.
Total principal funds managed by third party		n/a	0	n/a	0	All investment decisions currently managed internal

Policy and Resources Committee

Item no 13

Report title:	Norfolk Business Rates pool annual report 2017-18 and 2019-20 Business Rates pilot bid
Date of meeting:	26 November 2018
Responsible Chief Officer:	Executive Director of Finance and Commercial Services – Simon George
Strategic impact The Norfolk Business Rates Pool has allowed local authorities in Norfolk to retain the levy on business rates growth that would otherwise have been paid over to Central Government. The pooling agreement states that after retention of a volatility fund and any “safety net” costs, retained income will be used through a Joint Investment Fund to support economic development projects which will help with the delivery of Norfolk’s priorities. Projects are agreed by the Norfolk Leaders. Norfolk local authorities have also worked together to submit a bid for business rate pilot status in order to retain 75% of business rates in Norfolk in 2019-20. This report provides an overview of the projects agreed to be funded from the 2017-18 saved levy during 2018-19 and provides an update on the bid for business rates pilot status.	

Executive summary

The Norfolk Business Rates pool agreement states that the Pool Board will produce an annual report. Accordingly, this report provides a summary of the financial benefits of the Business Rates Pool, and the decisions taken to date in respect of allocating the pool’s resources to economic development projects in Norfolk.

The report also provides details of the work which has been undertaken with Norfolk Leaders in submitting a bid on 25 September 2018 to the Ministry of Housing, Communities and Local Government (MHCLG) for a 75% Norfolk Business Rates Pilot in 2019-20.

Recommendations:

That Policy and Resources Committee:

1. **Notes the performance of the Norfolk Business Rates Pool and endorses the decisions taken by Norfolk Leaders in respect of:**
 - a) **allocation of the 2017-18 Pool resources; and**
 - b) **requesting that MHCLG allow the Norfolk Business Rates Pool to continue into 2019-20, in the event that Norfolk is unsuccessful in applying to become a pilot for 75% Business Rates retention.**

2. **Notes the update on the bid for 2019-20 Business Rates Pilot status.**

1. Background

1.1. The Norfolk Business Rates Pool consists of eight authorities:

- Breckland District Council
- Broadland District Council
- Borough Council of King's Lynn and West Norfolk
- Great Yarmouth Borough Council
- Norfolk County Council (Lead Authority)
- North Norfolk District Council
- Norwich City Council
- South Norfolk District Council

1.2. The Pool enables Norfolk Authorities to retain revenue from additional business rates growth by avoiding a levy on growth which would otherwise be payable to Central Government. The value of rates retained is dependent on a number of factors including the actual business rates collected and the member authorities' individual financial positions, and as such the amount available in the Pool varies from year to year.

1.3. Authorities within the Norfolk Business Rates Pool enjoy the benefits of retaining the saved levy, but are also exposed to more risk as authorities within the Pool forgo any safety-net payments should their income drop below a certain level. To date, no member of the Pool has been in a safety net position.

1.4. The business rates outturn position as reported in NNDR3 returns to Government has demonstrated that Norfolk authorities have made appropriate decisions on Pool membership for 2014-15, 2015-16, 2016-17 and 2017-18. Growth in business rates has created saved levy payments allowing the Pool to retain additional business rates in Norfolk of:

- £2.146m for 2014-15;
- £2.449m for 2015-16;
- £3.810m for 2016-17; and
- £4.521m for 2017-18

1.5. The Pool Agreement requires that the Pool holds a volatility fund to manage risks against business rates appeals, applications for relief, and the natural volatility of business rates in future years. The remainder of the saved levy is used to support economic development projects in Norfolk with Norfolk Leaders approving the allocation of funds to projects.

2. 2017-18 Pool Funds outturn

2.1. NNDR3 business rate outturn returns show the saved levy for 2017-18 to be £4.521m.

	Breckland	Broadland	King's Lynn	North Norfolk	Norwich	South Norfolk	POOL
	£m	£m	£m	£m	£m	£m	£m
Outturn saved levy 2017-18 as per NNDR3	1.136	0.637	0.800	0.623	0.267	1.058	4.521

Note: Great Yarmouth joined the Norfolk Business Rates Pool from 2018-19 and so does not appear in the table for 2017-18.

2.2. The Norfolk Business Rates Pool holds a £1.000m business rates volatility fund to manage the natural volatility of the business rates system and potentially fund safety-net payments in the business rates pool. The level of this volatility fund is reviewed on an annual basis, but other than this fund, the remainder of the saved levy will be spent on economic development projects in Norfolk. It has been agreed that the level of the volatility fund remain at £1.000m throughout 2018-19.

2.3. At their meeting of 8 November 2018, Norfolk Chief Executives recommended spend of £4.322m from the 2017-18 saved levy to 25 economic development projects.

2.4. Norfolk Leaders, carrying out their function as the Norfolk Pool Board, will approve the proposed spend from the 2017-18 Pool funds. The list of economic development projects recommended by Norfolk Chief Executives to Norfolk Leaders is attached at Appendix 1. A verbal update will be given at Policy and Resources Committee.

3. 2018-19 Pool Funds forecast

3.1. The Norfolk Business Rates Pool is continuing in 2018-19, with Great Yarmouth having joined the Pool. NNDR1 returns submitted in January 2018 forecast that the saved levy for 2018-19 will be £4.111m.

	Breckland	Broadland	Great Yarmouth	King's Lynn	North Norfolk	Norwich	South Norfolk	POOL
	£m	£m	£m	£m	£m	£m	£m	£m
Forecast saved levy 2018-19 as per NNDR1	0.850	0.623	0.215	1.035	0.328	0.000	1.060	4.111

3.2. The 2018-19 Pool outturn position will not be known until 2018-19 NNDR3 returns are completed in 2019-20. No decisions on the use of 2018-19 Pool funds will be made until 2019-20, and these may be subject to decisions relating to any Business Rates pilot, as set out below.

4. 2019-20 Pool and potential Business Rates Pilot

4.1. Forecasts of 2019-20 rates show all Norfolk authorities predicting business rates growth above baseline levels. Therefore it is expected to be beneficial to continue with the current Pool membership.

4.2. An application to continue the Norfolk Business Rates Pool with the current membership was submitted to MHCLG on 25 September. This represents the fall-back position in the event that an application to become a Business Rates pilot in 2019-20 is unsuccessful.

Business Rates Pilot 2019-20

4.3. At its meeting of 24 September 2018, Policy and Resources Committee agreed the principle of applying to become a Business Rates Pilot in 2019-20, delegating authority to the Executive Director of Finance and Commercial Services (in consultation with the Leader) to submit a bid in partnership with Norfolk district councils.

- 4.4. In the period between the publication of the Policy and Resources papers, and the 24 September meeting, Norfolk Leaders also agreed that Norfolk Chief Finance Officers should be asked to submit a Business Rates Pilot bid. Following Policy and Resources Committee endorsement of the bid principles and confirmation from district councils, an application was duly submitted to MHCLG on 25 September 2018.
- 4.5. Current forecasts indicate that the financial benefit for Norfolk of becoming a pilot would be around £7.759m in 2019-20.
- 4.6. Should the pilot bid be successful, Norfolk local authorities will forgo their Revenue Support Grant (RSG) and Rural Services Delivery Grant in 2019-20, with funding equivalent to these grants being replaced by additional business rates retained in Norfolk. In the event a pilot does not go ahead in Norfolk, funding will see authorities continue to receive RSG and Rural Services Delivery Grant in 2019-20, in line with the published four year settlement allocations.
- 4.7. Successful pilots are expected to be formally announced by MHCLG alongside the Provisional Local Government Finance Settlement, due to be published on 6 December 2018. If the application for a Norfolk **Pilot** for 2019-20 is successful, the existing Norfolk Business Rates **Pool** will be superseded and dissolved.
- 4.8. In the event of a successful bid for a Norfolk Pilot, in their capacity as Pool Board, Norfolk Leaders may wish to consider the level of risk for 2019-20 and any potential need to increase the level of volatility fund from 2018-19 Pool funds prior to making allocations to projects. This would help to mitigate any risks for a 2019-20 Pilot.

5. Financial Implications

- 5.1. The formation of a Norfolk Business Rates Pool has proved worthwhile for Norfolk local authorities in 2014-15, 2015-16, 2016-17 and 2017-18, retaining additional funds of £12.926m in Norfolk.
- 5.2. Pool Funds are held on a partnership cost centre by Norfolk County Council. There are no budget implications in 2018-19 for the County Council or any of the Pool members.
- 5.3. The detailed budget implications for 2019-20 of forming a Norfolk Business Rates Pool or Pilot will be known following the Provisional Local Government Finance Settlement in December 2018 and completion of 2018-19 NNDR1 returns by Districts in January 2019. Where appropriate, these will be reflected in the County Council's 2019-20 Budget planning.

6. Background Papers

- 6.1. Background papers relevant to the Norfolk Business Rates Pool and Pilot are set out below.

Norfolk Business Rates Pool Annual Report 2015-16, Policy and Resources Committee, 31 October 2016, Item 13:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/502/Committee/21/SelectedTab/Documents/Default.aspx>

Norfolk Business Rates Pool, Policy and Resources Committee, 28 November 2016, Item 18:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/503/Committee/21/SelectedTab/Documents/Default.aspx>

Norfolk Business Rates pool annual report 2016-17 and development of 2018-19 Business Rates pilot bid, Policy and Resources Committee, 30 October 2017, Item 11:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/638/Committee/21/SelectedTab/Documents/Default.aspx>

Strategic and Financial Planning 2019-20 to 2021-22, Policy and Resources Committee, 24 September 2018, Item 9:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1420/Committee/21/SelectedTab/Documents/Default.aspx>

Officer Contact

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Funding committed from the 2017-18 Business Rates Pool

Authority	Project	Project cost £m	BRP Funding £m
NCC	Integrated Health and Employment Service	£0.700m	£0.350m
SNDC	Cringleford Site Access (Second stage)	£10.750m	£0.210m
NWHCC	East Norwich Regeneration - Pre-Development Project	£0.400m	£0.200m
NCC	Long Stratton Bypass Scheme	£0.575m	£0.250m
NCC	Norwich Western Link	£1.948m	£0.974m
NCC	Southgate Roundabout and London Road	£0.100m	£0.050m
KLBC	Unlocking King's Lynn Brownfield Sites - Southgate Regeneration Area	£0.450m	£0.225m
KLBC	Unlocking King's Lynn Brownfield Sites - South Quay	£0.700m	£0.350m
KLBC	West Winch Growth Area - Planning application and enabling work	£1.000m	£0.500m
BCKLDC	Thetford Enterprise Park (TEP)	£0.150m	£0.075m
BRDLDC	Rackheath Employment Area	£0.360m	£0.180m
BRDLDC	South of Salhouse Road Development	£0.230m	£0.115m
KLBC	Unlocking King's Lynn Brownfield Sites - Chapel Street	£0.400m	£0.175m
NCC	Hoveton and Wroxham Transport Network Improvement Strategy	£0.050m	£0.025m
NCC	Wymondham Network Improvement Strategy	£0.050m	£0.025m
NCC	Downham Market Network Improvement Strategy	£0.050m	£0.025m
NCC	Employer Engagement - ICT Digital Sector	£0.100m	£0.050m
NCC	Fakenham Transport Network Improvement Strategy	£0.050m	£0.025m
NNDC & All NLAs	Water Resource Management Plan for Norfolk	£0.080m	£0.040m
SNDC	Norwich Research Park Transport Strategy and phasing plan	£0.050m	£0.025m
GYBC	Great Yarmouth Urban Area Strategic Sites	£0.395m	£0.198m
NNDC	NN Growth Sites Delivery Strategy	£0.090m	£0.045m
GYBC	Great Yarmouth - Winter Gardens	£0.050m	£0.025m
BRDLDC & SNDC	South Norfolk/Broadland Growth Delivery and Projects Team	£0.300m	£0.150m
BCKLDC	Support for Innovation in Breckland	£0.070m	£0.035m
			£4.322m

Policy and Resources Committee

Item No 14

Report title:	People and Workforce Plan and HR Service Delivery Report				
Date of meeting:	26 November 2018				
Responsible Chief Officer:	Fiona McDiarmid, Strategy Director				
Lead Officer:	Sarah Shirtcliff, Head of HR				
Strategic impact The workforce of Norfolk County Council is vital to the effective delivery of services to our County. This report summarises our key priorities to ensure we have a skilled and engaged workforce to meet the needs of our residents and communities now and in the future. Our strategy incorporates the principles of:  <table border="0"><tr><td>Offering our help early to prevent and reduce demand for specialist services</td><td>Joining up our work so that similar activities and services are easily accessible, done once and done well</td><td>Being business-like and making best use of digital technology to ensure value for money</td><td>Using evidence and data to target our work where it can make the most difference</td></tr></table>		Offering our help early to prevent and reduce demand for specialist services	Joining up our work so that similar activities and services are easily accessible, done once and done well	Being business-like and making best use of digital technology to ensure value for money	Using evidence and data to target our work where it can make the most difference
Offering our help early to prevent and reduce demand for specialist services	Joining up our work so that similar activities and services are easily accessible, done once and done well	Being business-like and making best use of digital technology to ensure value for money	Using evidence and data to target our work where it can make the most difference		

Executive summary

This report provides an update on the People Plan mid-year, outcomes of our people strategy and the performance of the HR function in service of that.

This is the first report tabled for the P&R Committee and should be read in conjunction with the Annual Report and Plan for Health, Safety and Well-being, and the vital signs established to measure if we have made a difference year on year. It is the intention to report twice yearly.

This year saw the introduction of the people plan on a page and revised measures against key outcomes and priorities. This plan is attached on page 10. The priorities, and progress are outlined, and a view of priorities for the next 6 months.

This report provides awareness and assurance to members on our delivery against our people and workforce priorities.

Recommendations:

Members are asked to note the contents of this report

Financial Implications

The HR budget is set to deliver the priorities and progress as planned or through additional agreed transformational funding within directorates.

Issues, risks and innovation

- Attracting and retaining an engaged, skilled and healthy workforce in a demanding context
- Responding to external regulatory change e.g BREXIT implications

- Capacity of HR to deliver a significant agenda in support of service transformation and delivery of corporate priorities
- Capacity of managers to deliver people accountabilities given significant operational delivery expectations

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: Sarah Shirtcliff, Head of HR

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

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People and Workforce Plan and Service Delivery



Sarah Shirtcliff, Head of HR

**November 2018
Mid-year progress**

Table of Contents

1. Our vision and strategy
2. Our strategic priorities
3. HR Service Delivery performance April – September 2018
4. What difference have we made (measures)

Executive Summary

The focus over the last year has been to establish a vision, strategy and plan for HR in service of Norfolk County Council's strategic priorities. We also have in plan step change improvements around people data, systems and processes to improve HR effectiveness and employee and manager experience.

Alongside this, we have focussed on key new developments which are about improving performance, engagement, well-being and skill to improve the real-life experiences for our people at work to perform well.

Our workforce represents around 25% of the NCC non-schools spend, who are responsible for delivering statutory and other services directly and through commissioned services representing 75% of our total spend.

Our priority is to ensure we have the right organisation and workforce in place with the right skills, led well so that we have an engaged, skilled and healthy workforce able to give of their best to manage critical services and budgets.

Employees being able to give of their best for our residents and communities is an important ambition particularly in these challenging times of increasing demand and reducing resources.

We are proud this year to have refreshed and communicated our values which we see as a cornerstone upon which all people practice sits. We also believe in the power and value of great conversations which enable employees to grow and develop, building on what they are good at. All employees should

enjoy performance development discussions and be able to develop plans to help them thrive and grow at work.

With a backdrop of significant challenge and change in public services and a digital world which will continue to change how we work and live, we believe that people will be key to transforming how services can be delivered differently and better. Creating a culture which inspires and supports employees to adapt and work with change will be critical and our priorities will include how we support employees to respond and adapt successfully and remain well and engaged at work.

Our vision, strategy and plans were developed at the beginning of 2018 and we are now embarking on a refresh as we understand and respond to evolving service needs.

With thanks to all the HR team for their professionalism and contribution to the delivery outlined in this report.

1. Our Vision and strategy

Our 2018/19 Plan on page 11 sets out the HR vision to **“add value strategically to equip the organisation for the workforce challenges ahead to deliver transformational change”**

2. Our Strategic Priorities for 2018/19

1. **HR Strategic Offer – simplification and capability**
2. **Organisational Effectiveness Strategy and Plan**
3. **Workforce development priorities**
4. **HR processes to support an agile workforce**
5. **Health and safety and well-being Plan**

reduced duplication/less value activities to maintain changes in existing budget.

HR Staffing levels have reduced consistently over the last 4 years (see graphic below). Excluding the transfer of payroll and HR transactions services to Finance, there has been an overall reduction in **Full time Equivalent staff of 32%**.

2.1 Implement the new strategic HR offer (including self-serve, data and tools)

Our new HR offer will deliver:

Simplification:

- Improved data and insight for managers
- Process simplification for all
- System improvements for employee and manager self-serve
- A clearer “Front Door to HR” for managers to access the right advice for early resolution

Capability/Improvement in:

- Recruitment
- Corporate L&D
- Organisational Development



Of the 84FTE in the reshaped HR function, 8.94FTE are aligned and part funded by the Social Care Academy and 14.4FTE aligned to Health Safety & Wellbeing (HS&W). The NET FTE on HR strategy and service delivery is **61FTE**.

The HR Service was reshaped in July 2018, enabling a greater focus strategically on core value adding activity around the service priorities set out above. We have increased capacity in Learning & Development, Organisational Development (OD) and

Simplification Agenda:

Whilst we develop our strategic HR system plans, important tactical data and system improvements are required over the next 3+ years to make our data and systems of better use to support manager decision making:

We are broadening the limited **self-service** functionality with the introduction of a new web-based portal application "My HR & Payroll". This fully integrates into our current HRMS system (Oracle) and will enable employees to access their employee and pay information from any location, computer or device, including mobile phones, and also allowing employees to:

- On-line claims such as additional hours and expenses
- Online absence reporting

This will deliver:

- Greater security through a single platform
- More flexibility and transparency
- Support the move to on-line transactions
- Direct feeds for processing and payment and improved data accuracy
- Improved audit trail and processing
- Greater confidence on absence recording and reporting

In other areas we have:

- ✓ Following feedback, we **simplified** our internal recruitment process recognising the data we already hold. This creates for an improved employee and manager experience to apply and shortlist. The approach is currently being piloted and if successful, it will be rolled out to the wider organisation.

We have developed and introduced new manager **people performance dashboards** which combine a variety of HR data sources across the employee lifecycle. Using new analysis software and in-house data warehouse functionality, we can deliver weekly automatic updates filtered by Department and Service. Coupled with the HR & My Payroll portal, data will be as close to "real time" as possible. Key trend information will be reported to Departmental Management Teams on a quarterly basis. You can see example outputs from the dashboards at Appendix A.

- ✓ Effective dashboard reporting is dependent on **accurate establishment data**. We have made some tactical improvements to other systems to provide clearer useful data on establishments and type of resource aligned to positions including agency, and 3rd party employees for a full workforce picture.
- ✓ We are collaborating with Finance to reconcile establishment data agreed in the 19/20 budget setting process with establishment data held on the HR Management System. This will enable us to report more accurately on vacancy numbers, with an **establishment control dashboard** which will be launched shortly.

Priority actions:

Launch My HR and payroll portal
Embed use of dashboards as mgr tool
Launch Establishment control dashboard
Discovery phase for post Oracle solution
Communicate Front Door

2.2 Develop and deliver an Organisational Effectiveness Strategy and plan

The plan comprises 5 strategic themes and was signed off in January including:

- a) Creating a golden thread – aligning vision, strategy and values
- b) Developing a performance culture – goals, evidence and strengths
- c) Developing our Leadership Framework
- d) Creating insight and measures
- e) Communicating for performance and change

a). NCC's new **values** were launched in September 2018, setting out what is important about how we work and deliver high quality services to the Norfolk population. The values will be underpinned by all people management processes – recruitment, performance and development, and across all day to day work situations.

Guidance for staff has been developed, describing what the values look like in terms of the day to day behaviours of both employees, and of our leaders/managers. The mid-year performance review will provide an opportunity to socialise the refreshed values with employees.

b). A new **Performance Development** approach was introduced in 2018 to contribute to the development of an effective and efficient performance culture, engaging managers and union stewards in its development. External research tells us that for success

Our strategic priorities:

Our vision for HR:
Adding value strategically to equip the organisation for the workforce challenges ahead and enable transformational change.



NCC Values

- ✓ **Take accountability**
✓ do what we say we will
- ✓ **Make strategy happen**
✓ take action which makes Norfolk a better place
- ✓ **Be evidence-based**
✓ target our work to make the biggest difference
- ✓ **Be business-like**
✓ think smarter to ensure value for money
- ✓ **Be collaborative**
✓ better working together

We have a commitment and passion to make improvements in the real-life experiences of people in Norfolk

Priority action:
embed the values across the employee life cycle

Insight:

- 52 Coaching for performance workshops delivered
- 985 managers attended or booked to attend
- 94% of survey respondents rated the training as excellent or good
- 98% of attendees are confident to hold conversations

performance is dependent on two critical factors - employees understand what is required of them through **clear meaningful goals linked to future plans** and that managers build on **employee strengths** (their skills, knowledge and ways of working) to increase engagement and motivation.

We recognise the importance of effective performance development in delivering quality outcomes for the Norfolk population so measuring the success of this intervention is one of our HR Vital Signs. Our target is that 95% of employees should have written and agreed goals and as at October 2019, completion rates were at 50%.

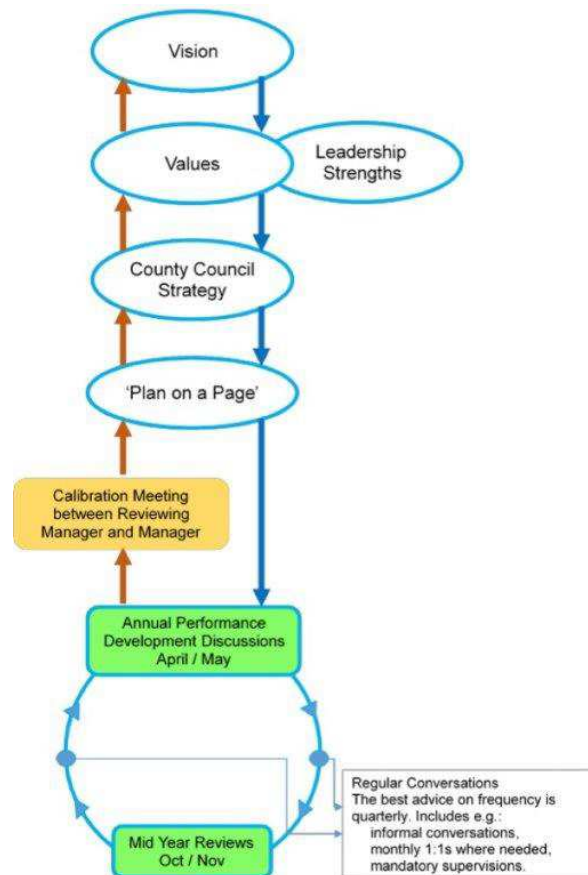
All employees were invited to complete a short pulse survey in September to measure the effectiveness of the new approach, in particular to:

- evaluate progress on the Performance Development Change intervention at the 6-month stage, and
- understand the impact on employee engagement as a result of the new scheme

In summary, the feedback received outlines that:

91% have had a performance development discussion
 84% said it was of value or limited value
 57% agreed they could link their work goals to the future service plans and strategy of NCC
 75% agreed their manager recognises their strengths and contribution,
 47% saying that they are coached to develop and succeed through work and other opportunities.

After 6 months, 28% identified that the Performance Development approach had had a positive effect on the quality of conversations, (increasing to 33% for managers).



Priority action:
 enable managers to embed strength based discussion skills supported by internal trained coaches
 communicate survey results to workforce
 further develop learning plans
 Learn from feedback received

c). Developing our **Leadership Framework** - In the context of supporting a hugely diverse professional community within NCC, a reshaped corporate L&D function has been implemented with increased capability to create an NCC learning offer under the brand of Norfolk Development Academy. This will provide a profession-led learning focus which build plans and priorities for talent and learning, and with a focus on core business skills.

For leaders, our priority in the next 6 months is to ensure each senior leader has a personal learning plan and we are clear about the key priorities for each directorate to focus our development plans.

We have agreed a number of priorities to identify future leaders, provide formal coaching to support growth, and understand our overall leadership talent.



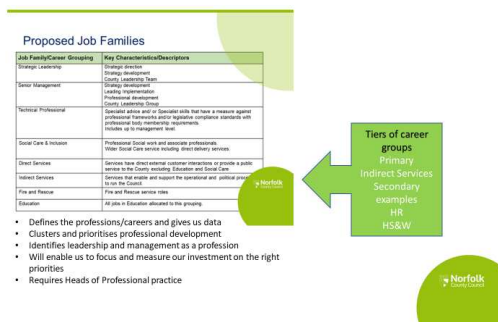
This approach mirrors and extends the approach taken with Adult and Children's Social Care Academy. urgent priorities include: Defining career families in which we can group all jobs to identify development and career options across NCC; Establishing professional leads accountable for growing the capabilities and skills in their areas with these as our first priority

- ✓ Analytics
- ✓ Strategic leadership
- ✓ Management practice
- ✓ Business Support
- ✓ Business Transformation

Insight on quick wins this year:

- Since April 124 managers have joined our management development programme with a focus on management styles and people management for performance
- 87% reported greater self-awareness of their mgt style

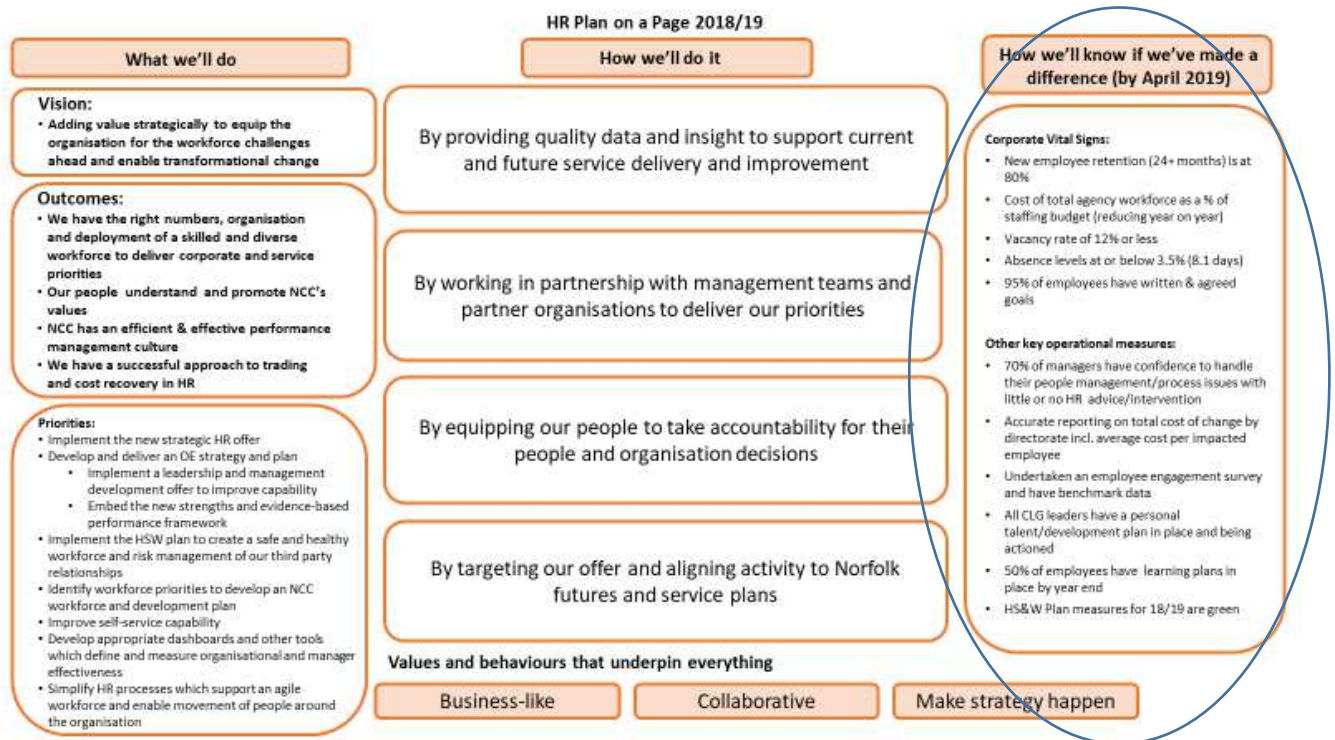
Development takes many forms – on the job, and near the job as well as formal programmes. We will underpin development through effective and high quality coaching to support our performance development framework.



Priority actions:

- Establish the Norfolk Development Academy by March 2019
- Implement role of professional lead
- Implement coaching strategy to support performance discussions
- Implement our talent management framework to understand current and future talent

d). Our plan identifies the **key measures** we will employ to identify the difference the plans make.



Measures will be developed further to define what we mean by engagement at NCC, the indicators which impact and how we measure that through an employee survey mechanism in quarter 4.

e) **communicating** for performance and change will be an area of focus in the second half of year with the Head of Communications. We have an opportunity with a refreshed intranet

launch to consider and be clear about the purpose of our communication and engagement approach with staff.

We are currently reviewing our arrangements for how we communicate and consult with our recognised union to continue to ensure that we have in place highly effective and progressive employee relations climate based on collective problem solving and collaboration.

2.3. Identify workforce priorities

This section details some of the activity in HR over the last 6 months, both corporately and to support service departments to deliver their programme of work.

Workforce priorities are broad, and activity has been in service of responding to:

- ✓ Delivering new service models for effective efficient delivery
- ✓ New ways to attract employees to NCC for key skills
- ✓ Professional Development
- ✓ Continued external or legislative influences

Summarised below are a number of deliverables and case studies to illustrate key pieces of activity:

Delivering New Service Models and cultural change

In Adults, the **Living Well – 3 conversations model** is reshaping the social care delivery model, requiring significant engagement and development to enable professionals to adapt and support new ways of working.

In Childrens, remodelling of the **children’s service “front door”** has reshaped how concerns are raised through a newly formed advice and duty service to a team of professionals to handle and manage that call. This work has reshaped roles, processes and ways of working. As well as supporting social work development it provides for an additional career progression route for our permanent and stable workforce and be attractive to potential candidates looking for new roles in Norfolk.

Within the Fire Service, supporting the leadership team with developing their leaders, and recruiting for diversity

Supporting CES across a broad range of services to ensure skills, employment models and effectiveness

Priority actions:

**Living Well roll-out- adults
Childrens services change
programme
Local Services Strategy
Smarter Working
CES change programmes**

Cross-NCC programmes requiring new and different ways of working include Local Service Strategy and Smarter Working.

New ways to attract employees to NCC:

- ✓ An employee Referral Scheme allowing employees to recommend someone they know, such as a friend or family member, to apply for **hard to fill roles**.
- ✓ We are also enhancing our offer to agency workers to attract people to Norfolk by giving access to:
 - our employee discount scheme ‘Norfolk Rewards’
 - some elements of the relocation expenses scheme
 - for social workers, access to training and development
 - backdating of continuous service assignment if they move to a permanent job.

Over the last 6 months our strategy to attract talent to the organisation has been focussed on **exploiting web-based technology** to deliver a targeted and cost effective approach to candidate attraction, and has resulted in higher candidate numbers

Case study - additional capacity social workers

A dedicated Adults Social Services careers site provided potential candidates with engaging content and real insight from people sharing their stories of what they enjoy doing in Norfolk, and what motivates them at work. We used keyword search marketing 'social worker jobs' to reach our audience group with pay per click advertising (pay for the clicks you receive only) allowing us to cost effectively share our message. This approach attracted over 19,600 people to the site and we have recruited a total of 47FTE to qualified social care roles in Adults.

Case study – Wholetime Firefighters

Our challenge was to attract underrepresented groups such as female Firefighters and BME audiences. Creative messaging across a range of media highlighted the multi-faceted role of a Firefighter. We used images of an NCC female firefighter in advertising; created a recruitment video; search marketing and social media to attract candidates. In total the campaign generated 822 applications, 14% from women and 3% from BAME audiences. 189 applications were shortlisted with 17% of those shortlisted from female applicants - much higher than previous campaigns. The interview process is underway.

Priority actions:

- Launch revised employer brand
- Continue to develop approach to senior recruitment
- Streamline recruitment processes to enhance customer experience to improve appointment rate
- Develop apprenticeship strategy



Case study - Children’s Services - TITAN – Travel Trainers

As a seasonal requirement, we need casual staff as Travel Trainers across the whole of Norfolk. A predominately student audience, the resourcing team planned a social media campaign on Facebook, local press and Twitter to promote the key skills candidates will gain while working as a Travel Trainer. The Facebook campaign reached 23,503 people with 45,931 impressions, resulting in 336 clicks on the link to apply. Working with the recruiting manager we were able to target the campaign to use geographic search marketing to target areas where applications were lower.

Using **Apprenticeships** is a workforce priority offering a valuable vocational pathway as well as opportunities for workforce development and business growth. NCC has started or committed to NCC is leading the national trailblazer group to develop a Social Work apprenticeship standard. We are also collaborating with our NCC school and the UEA Business School in the development of a tailored MBA educational leadership programme for head teachers.

We are working with the **LGA with their Apprenticeship Accelerator Programme (AAP)** to support NCC with:

a workforce planning exercise to understand and plan the strategic workforce needs (using data and workforce analysis) to identify apprenticeship options from workforce skills gaps and risks

Embedding apprenticeships into: recruitment process (e.g. adopt a policy that all vacancies will be considered for an apprenticeship), the wider talent management programmes, succession planning and career pathways as appropriate.

Insight:

We have used the **apprenticeship levy** to target to hard to fill posts – managers told us applicant numbers were on average 60% higher, and of such high quality vacancies could have been filled three times over. The number of apprenticeships being undertaken across NCC has increased to 74, and in total 104 in plan - 51% higher compared with the beginning of 2018.

Professional Development – Social Work Academy:

Through continuing to deliver effective solutions via the Suffolk and Norfolk Social Work Teaching Partnership this work has resulted in an increase in Social Work graduate recruitment of 42%. Our mandatory **Assessed and Supported Year in Employment programme** for newly qualified social workers has gained recognition as an **exemplar of best practice** by Ofsted. 31 of our newly qualified Social Workers from the 2014 & 2015 cohorts have been promoted to Senior Social Worker Team Manager, evidencing our ability to grow our own, and **develop professional practice**, reducing our

reliance on attracting external talent in a challenging recruitment market.

Our **Safeguarding Adults Awareness courses** continue to embed robust social work practice – attendees told us they have a clearer understanding of their role in safeguarding and they can identify clear improvement actions they plan to take back to the workplace

External/Legislative influences:

As a result of uplifts to the National Living Wage, the NJC for Local Government Services (Green Book) **payscale** **have been re-negotiated** at a national level. Work to redesign our local pay structure is currently underway, which seeks to maintain consistency and differentials between grades, and ensure it meets our future business requirements.

Priority action:

Implement new pay structure from 1 April 2019. Ensure existing reward policies are flexible and support changing business needs

In January 2018 the main NCC **Equality Diversity and Inclusion (EDI)** policy was refreshed and endorsed by the P&R Committee. We committed to improving our EDI performance as an employer, focussing on 5 key areas: policy, resources, data, benchmarking and communication to make sure our culture respects and values difference. A review of employment policy and supporting guidance is underway to ensure a consistent, clear and unequivocal commitment to delivering a workplace free of discrimination and harassment.

Insight:

NCC has implemented a Carer's Charter to assist employees to play their role as carers and employees. HR participated in the member task and finish group on **Carers**, and our approach to supporting carers was identified as an exemplar of best practice to other employers in Norfolk. We are using case studies to increase manager understanding and awareness of the issue and the well established tools and policies available to support employees.

A strengthened commitment, endorsed by Full Council to reinforce that **bullying and harassment** is not tolerated in the Authority has been underpinned by updating our policy to reflect ACAS best practice, with dedicated guidance and resources easily available on our employee intranet pages. We have launched a **new e-learning provision** and launched mental health first aid training.

Our **Whistleblowing Policy** has been reviewed and will be relaunched in December. The revised policy takes account of best practice and relevant Codes of Practice and will:

- re-enforce a culture which promotes openness and transparency
- ensures concerns are fully investigated
- ensures action is taken on any findings and any lessons are shared and learned; and
- Provides assurance to those who raise concerns that the policy will be followed

We now offer armed forces veterans who meet the essential criteria for a job

a guaranteed interview. As well as being part of our commitment to the **Armed Forces Covenant**, this may help increase the gender diversity of the workforce.

Legislation in 2018 introduced two **new statutory reporting requirements** on the Gender Pay Gap and Trade Union Facilities Time, and returns for NCC were submitted on time. Work on our 2019 Gender Pay Gap data return is well advanced and will be reported to Personnel Committee in December. We are also in discussions with union colleagues to improve how we capture data on facilities time for next years return and implement a best practice Partnership Agreement with clarity and focus for effective employee relations.

2.4 HR Processes to deliver an agile workforce

The organisation in service of delivering improved services or improving efficiencies has undertaken a significant number of reorganisations (12 so far this year and over 40 in the last year). The supporting policies and procedures are recognised as being detailed and complex. Both the authority and unison have committed to a review and are currently considering the scope of this work. The result will be a more modern and streamlined policy framework that sets out NCC's high-level approach to significant change and deployment/utilisation of talent with a tool kit that sits below it, offering guidance to support managers to organise/deploy their workforce more effectively and minimise difficulty for individuals. This will be a significant piece of work this year.

2.5 Implement the HSW plan to create a safe and healthy workforce and risk management of our 3rd party relationships

The Policy and Resources committee receives a report on the Health, Safety and Well-being performance of the organisation in July each year and a half yearly position in January. The report includes a number of measures and targets used to indicate the relative health of NCC's performance across this key area and details a 3 year plan (2017-20) to improve specific measures for the 3 priorities:

- Develop a sustainable, positive Health, Safety and Well-being culture in NCC
- Improve the standard of HSW management in NCC so that employees are at work, well and productive
- HSW have a successful, strategic approach to trading and recovery

This area is also a vital sign for the organisation and as such was reported on to Policy and Resources in October.

The overall performance position at the end of 17/18 was reported to be amber with a number of targets already green and a number travelling towards that. A refreshed picture will be provided in detail in the January report.

One of the priorities for the service is to improve the well-being of staff. To this end a Healthy County Council Plan was developed in March 2018. The plan provides a 3-year strategy to improve the well-being of staff focusing on 4 specific areas – mental health, physical activity, diet and smoking. The plan is

supported by Public Health and was endorsed by CLT.

Mental well-being accounts for 30% of all absence across our workforce. Including it in our plan demonstrates that NCC is committed to supporting employees' mental health. We continue to be a good provider of well-being services, performing well against national reports of good practice. Examples of the services managed through the Health, Safety and Well-being Team include:

- Team based well-being assessments helping teams to identify and improve stressors
- Individual well-being support including stress action planning and wellness recovery action planning
- Norfolk Support Line providing confidential counselling, support and advice 24-7
- Psychological assessments providing specific assessment of mental health conditions and providing tailored support to help improvement and management
- Mediation service to support improvements in employee relationships
- Provision of Mental Health First Aid Training
- Provision of NHS health checks in the workplace

3. HR Service Delivery Performance: April – September 2018

HR Direct is our employee contact centre, providing signposting and direct support on the full range of HR matters and people management cases

Key measures Over 13,800 contacts
72% of contacts resolved at point of contact
24% of queries handed off to specialist team for resolution
51% contacts made by email

Advice & Consultancy Team provide end to end support to managers from policy interpretation and guidance on specific people management issues to wider-ranging organisational development changes, complex casework and organisational change projects.

Key measures 260 managers supported
3 TUPE transfers
106 formal cases (disciplinary, absence, performance/capability, appeals)
12 restructures

Resourcing provides support to managers recruiting new employees and workers for the authority. These areas include:

Permanent and temporary recruitment (including Chief Officer recruitment)
Redeployment
Disclosure and Barring Service Checks
Resourcing of agency and interim staff

Key measures Over 950 appointments (internal and external) completed
Average time to start 14 weeks (includes notice period)
Written offer issued within 1.5 weeks of appointment
documentation being received

Learning & Development provides advice, training needs analysis, design and delivery, commissioning and procurement, evaluation, support and administration, both for NCC employees and foster carers.

Key measures 426 face to face events delivered
c. 7,000 learners
10,000 e-learning completions, - 50% were for mandatory data protection, information security and health and safety courses

4. What difference have we made?

Vital Signs Measures

Vital Signs measure as at	% Lost time to sickness	Vacancy rate	New employee retention above 2 yrs	Agency spend as % of staffing budget	% Performance Devt discuss completed
Mar 18	3.34%	23.3%	64%	4.9%	Not avail
June 18	3.46%	19.3%	59%	4.1%	29%
Sept 18	3.5%	13.9%	72%	4.3%	50%
Target	3.5%	12%	80%	Downward trajectory	95%

Commentary

Vacancy rate: This is a new measure for 2018/19. It measures the number of FTE posts which are shown as vacant as a percentage of the total established FTE posts.

The significant reduction in the vacancy rate is due to critical improvements in data management, a key action for this year. Currently HR and finance budgeting systems are not interfaced, we have in plan this year system changes which will reduce errors in reporting.

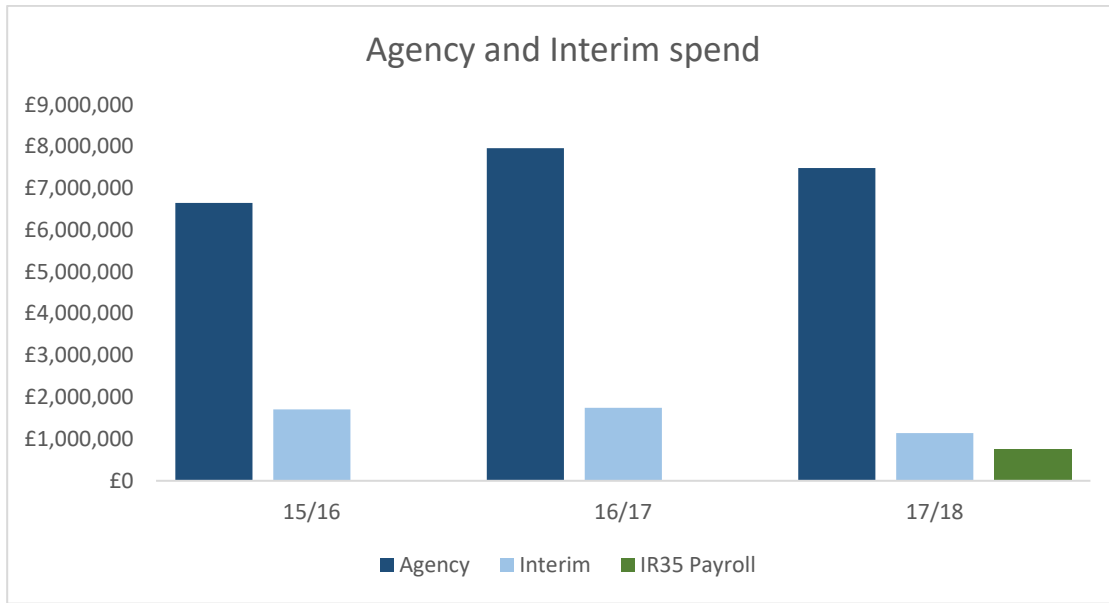
New employee retention: This is a new measure for 2018/19 which measures how many of the new entrants to NCC stay in post for longer than 2 years. The measure excludes fixed term and temporary contracts to avoid planned short term appointments skewing the data. The number of external new starters each month will be relatively low or variable, so there can be considerable fluctuation month to month. The next report will show an average rolling period analysis.

Performance Development: the new approach to performance development was introduced in 2018/19. Our initial focus is on equipping managers with the tools to conduct quality discussions with their direct reports to improve performance, through face to face training delivered between March and June. Work is now underway to capture and report on the outputs from the discussions which have taken place, evidence through the vital sign.

Agency spend: the historic breakdown of spend on agency, interim and IR35 self employed workers is set out below. Following the introduction of IR35 legislation we are able to more accurately report on the non-employee spend across NCC.

The majority of agency spend relates to social workers in both Adults and Children's Services to cover vacant posts, maternity and sickness and providing additional capacity to support the ongoing improvement programme. Recruitment campaigns highlighted in this report will reduce our dependency on agency workers going forward.

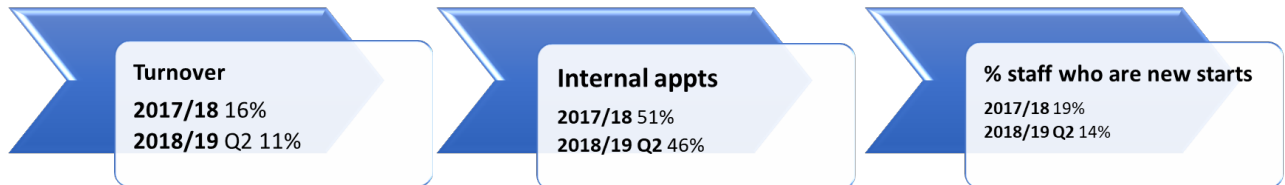
The Childrens committee report in November 2018 outlines the plan to reduce agency spend which accounts for the majority of spend.



Other Performance Measures

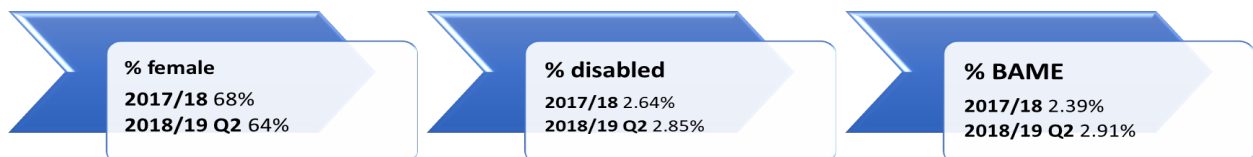
Turnover and recruitment

Turnover is **decreasing** and there is a **reduction** in new entrants to the Authority. This may be representative of a more difficult employment market and particular care with vacancy management



Diversity

Increases in the number of declared minority groups



Policy and Resources Committee

Item No 15

Report title:	Review of Whistleblowing Policy
Date of meeting:	26 November 2018
Responsible Chief Officer:	Chief Legal Officer
Strategic impact	
<p>The Policy and Resources Committee is responsible for the development of policies within its remit, including legal and governance. The Full Council delegates decision making responsibility to this committee for the development of policy in relation to this function.</p> <p>The proposals in this report will fulfil the Public Interest Disclosure Act 1998 (as amended), best practice and are intended to increase confidence of the Councils service users and workers alike that; any concerns relating to 'wrongdoing' by Council employees or those we do business with are taken seriously and appropriately investigated, which will enhance the reputation of Norfolk County Council (NCC) and support our value to 'take accountability'.</p>	

Executive summary

This report provides the Policy and Resources Committee with a summary of the proposed changes to the Council's Whistleblowing Policy following a review against the latest legislation, guidance and best practice. The policy will now meet national standards.

A whistle-blower can be an employee, contractor, trainee or agency staff who raises a concern about suspected wrongdoing at work. Those that blow the whistle often act out of a feeling of fairness, ethics or safety that are not being addressed as they should be. Malpractice can wreck lives and reputations. Every one of us has a responsibility to make sure things are done right. Speaking up and raising the alarm early about something that isn't right can stop a problem escalating. It can also protect the Council's reputation by avoiding negative publicity.

The Council's Leadership Team has responsibility for:

- Leading and re-enforcing a culture which promotes openness and transparency
- Leading a co-ordinated, efficient response, ensuring that concerns are fully investigated
- Ensuring that action is taken on any findings and any lessons are shared and learned; and
- Providing assurance that those who raise concerns are reassured and that the policy has been followed

The Whistleblowing Commission, established in 2013 by the then whistleblowing charity Public Concern at Work (PCaW) now named 'Protect', developed a 'Code of Practice' for effective whistleblowing arrangements. The Commission recommended that this should be rooted in statute, can be taken into account in court cases and by regulators.

In March 2014 the National Audit Office (NAO) published a report titled 'Making a whistleblowing policy work' which examined:

- Systems to support whistleblowing arrangements, including the clarity of governance arrangements and the availability of intelligence;
- Structures that are in place to enable whistleblowing, particularly through complex delivery chains; and
- Behaviours to support and enable a positive environment, in which whistleblowing is accepted.

That report made three recommendations relating to central government and nine recommendations relating to public sector organisations. Those nine recommendations were central to this review of the policy.

NCC currently has a Whistleblowing Policy (October 2011) which already encompasses some of the requirements of the Protect (PCaW) Code of Practice and the recommendations in the NAO report. This report introduces a fully refreshed and updated policy and procedure for 2018 for the Committee's approval.

Recommendations: The Committee should:

A) Consider that:

- 1. The policy will be promoted and progress, outcomes and lessons learned will be reported to the County Leadership Team and this committee**
- 2. That the terms of Reference for the Audit Committee will be updated to include responsibility for receiving assurance on the effectiveness of the policy**

B) Approve the revised Whistleblowing Policy 2018, which fully meets national standards.

1. Proposal (or options)

Following a review by Internal Norfolk Audit Services of the 2013 PCaW Code of Practice and the March 2014 NAO report it was identified that the current Whistleblowing Policy does not contain all of the provisions referred to in these documents and the policy required updating.

The Councils revised policy (**Appendix A**), supporting procedures and reporting now meet the national standards as set out in the PCaW Code of Practice and recommendations in the National Audit Office report, detailed below.

1. The Whistleblowing policy should include the following provisions referred to in the now Protect (formerly the **PCaW) Code of Practice**:
 - Specific advice to be included in the Whistleblowing Policy/Procedure as to what the worker should do if they are subject to detriment.
 - The section in the Policy which lists examples of concerns should replace 'damage to the environment' with 'dangers to the environment'.
2. The following specific measures should be introduced in accordance with the Code of Practice:

- Training at all levels of the whistleblowing arrangements should be implemented and recorded
- Periodic audits should be undertaken of the whistleblowing arrangements in accordance with terms of reference set by the Audit Committee who should see the audit reports.
- Independent oversight and review of the whistleblowing arrangements should be undertaken by the Audit Committee.
- an annual report should include information about the effectiveness of the whistleblowing arrangements.

3. The following recommendations, included in the **NAO** report, should be added:

- a. NCC should ensure whistleblowing arrangements are clear and are communicated by:
 - Sharing its own policies and procedures with delivery partners so that these organisations know of, and are attuned to, the standards of conduct of public business that taxpayers expect;
 - Significant contracts with third parties should contain provisions requiring the contractor to have an effective whistleblowing process
 - Reviewing delivery partners' arrangements so they are coherent.
- b. NCC should encourage intelligence held by delivery partners to be shared, so as to exercise efficient oversight to:
 - Identify trends, possible system failures or specific issues;
 - Collect, analyse, and disseminate lessons learned and common risks; and
 - Target areas of risk for which there are weaknesses in controls or where staff need training.
- c. NCC should make sure that existing governance mechanisms are being exploited to optimal effect in relation to whistleblowing by clarifying the relative responsibilities of:
 - Internal Audit;
 - Audit committees; and
 - Human resources.

These proposals have been discussed with relevant officers.

2. Evidence

The following is a summary of the exceptions identified in the review undertaken of the PCaW Code of Practice and the recommendations contained in the NAO report (see Appendix A):

No.	REQUIREMENT OF PCaW CODE of PRACTICE	WHISTLEBLOWING POLICY/PROCEDURES
Written Procedures		
5e	<p>Should require that a worker raising a concern:</p> <ul style="list-style-type: none"> i. Be told how and by whom the concern will be handled; ii. Be given an estimate of how long the investigation will take; iii. Be told, where appropriate, the outcome of the investigation; iv. Be told that if the worker believes that he/she is suffering a detriment for having raised a concern, he/she should report this, and v. Be told that he/she is entitled to independent advice. 	<p>The policy now includes specific advice as to what the worker should do if they <u>are</u> subject to detriment.</p>
Training, Review and Oversight		
7b	<p>Ensure, through training at all levels, the effective implementation of the whistleblowing arrangements.</p>	<p>There will be specific training developed in relation to whistleblowing.</p> <p>The Whistleblowing Procedure is included as an item on the staff induction checklist.</p>
7d	<p>Conduct periodic audits of the effectiveness of the whistleblowing arrangements, to include at least;</p> <ul style="list-style-type: none"> i. A record of the number of concerns raised and the outcomes of investigations; ii. Feedback from individuals who have used the arrangements; iii. Any complaints of victimisation; iv. Any complaints of failures to maintain confidentiality; v. A review of other existing reporting mechanisms such as fraud, incident reporting or health and safety reports; vi. A review of other adverse incidents that could have been identified by staff (e.g. consumer complaints, publicity or wrongdoing identified by third parties); vii. A review of any relevant litigation ; and viii. A review of staff awareness, trust and confidence in the arrangements. 	<p>The Whistleblowing function will be added to the Audit Needs Assessment.</p> <p>Reporting to the County Leadership Team, the Policy and Resources Committee and the Audit Committee is included in the policy.</p> <p>A record of the number of concerns raised and the outcome of investigations is completed.</p>

7e	Make provision for the independent oversight of the whistleblowing arrangements by the Board, the Audit or Risk Committee or equivalent body. This body should set the terms of reference for the periodic audits set out in 7(d) and should review the reports.	The Chief Internal Auditor provides the Audit Committee with an annual statistical report on whistleblowing. The Terms of Reference of the Audit Committee will be proposed to include whistleblowing.
8	Where an organisation publishes an annual report, an annual report, that report should include information about the effectiveness of the whistleblowing arrangements, including: a) The number and types of concerns raised; b) Any relevant litigation; c) Staff awareness, trust and confidence in the arrangements.	Reporting to the County Leadership Team, the Policy and Resources Committee and the Audit Committee is included in the policy.

Part IV of the Employment Rights Act 1996 – The Public Interest Disclosure Act (PIDA)

12	PIDA sets out a framework for a worker to make disclosures about the following categories of wrongdoing, provided that they reasonable believe it to be in the public interest to do so: a) Criminal offence; b) Failure to comply with legal obligations; c) Miscarriages of justice; d) Dangers to health or safety; e) Dangers to the environment; f) Deliberate concealment of any of the above categories.	The Whistleblowing Policy now refers to “ <u>dangers</u> to the environment”.
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NATIONAL AUDIT OFFICE REPORT- Making a whistleblowing policy work		
No.	RECOMMENDATION	WHISTLEBLOWING POLICY/PROCEDURES
a	Central government should appoint a strategic lead to: N/A	
b	Organisations should ensure whistleblowing arrangements are clear and are communicated, by:	
	Sharing their own policies and procedures with their delivery partners so	The Council’s web-site has a section ‘How to do Supply the Council’ which

	that these organisations know of, and are attuned to, the standards of conduct of public business that taxpayers expect;	has an information link to the Whistleblowing Policy. Significant contracts with third parties should contain provisions requiring the contractor to have an effective whistleblowing process.
	Reviewing the delivery partners' * arrangements so they are coherent.	No review has yet been undertaken of any delivery partner's whistleblowing policies. *NCC (Educator Solutions) actively develops a model policy for Schools and NCC has developed a separate whistleblowing policy for Foster Carers
c	Sponsor organisations should encourage intelligence held by delivery partners to be shared	
	Identify trends, possible system failures or specific issues;	Sharing of information will be developed and included in annual reporting.
	Collect, analyse and disseminate lessons learned and common risks; and	As above.
	Target areas of risk for which there are weaknesses in controls or where staff need training.	As above.
d	Organisations should make sure that existing governance mechanisms are being exploited to optimal effect in relation to whistleblowing, by defining and clarifying the relative responsibilities of:	
	Internal Audit	The responsibilities of Internal Audit in respect of whistleblowing have not been specifically defined. A report by the Chartered Institute of Internal Auditors (January 2014) identified that various options can be considered for the role that Internal Audit should take in respect of whistleblowing and can include a combination of any of the following: <ul style="list-style-type: none"> • As a point of contact; • Investigation of complaint, especially if related to fraud or corruption; • Dealing with the complaint if those with day to day responsibility (e.g. compliance, HR, or legal) are implicated;

		<ul style="list-style-type: none"> Managing an external provider giving advice or operating a helpline; Supporting the board or the audit committee's oversight role; or/and Incorporating key control weaknesses identified into the audit planning framework. <p>All of these are fulfilled in practice and the Terms of Reference for Internal Audit (January 2014) will be updated accordingly.</p>
	Audit committees; and	Reporting to the County Leadership Team and the Audit Committee is included in the policy.
	Human Resources	The role for Human Resources and how information is shared will be developed and reported on annually.

3. Financial Implications

Although there will be a cost associated with conducting investigations relating to whistleblowing concerns, no additional resources are required to undertake this work or; audits of whistleblowing to ensure that partner organisations are aware of NCC's Whistleblowing arrangements and have similar arrangements.

4. Issues, risks and innovation

- Protect (formerly the PCaW) is the leading authority on whistleblowing, neither Protect nor the NAO reports are mandatory however, both represent current good practice.
- Non-compliance with accepted good practice may result in ineffective whistleblowing arrangements and subsequent reputational risk to the NCC.
- Effective whistleblowing arrangements may reduce the risk of grievance procedures being brought by employees who have been subject to a detriment.

5. Background

The following was the basis for the work undertaken:

- To review the Terms of Reference of the Audit Committee in relation to whistleblowing.
- To review NCC's current Whistleblowing Policy and Procedure in light of new issues which have arisen as a result of:
 - The PCaW Code of Practice (2013).
 - The National Audit Office report titled 'Making a whistleblowing policy work' (March 2014).

- c) To review the Department of Health, Learning not Blaming Report (2015) and Sir Robert Francis Freedom to Speak Up review (2015) for the NHS.
- d) To undertake a best practice review of other Local Authority Whistleblowing policies and procedures.

Background Papers:

- Terms of Reference for the Audit Committee
- Whistleblowing Policy;
- The Whistleblowing Procedure;
- PCaW Code of Practice (2013);
- National Audit Office report 'Making a whistleblowing policy work' (March 2014).
- Sir Robert Francis, Freedom to Speak Up review (2015)
- Department of Health, Learning not Blaming Report (2015)
- Neighbouring County Council policies.

http://www.pcaw.org.uk/files/PCaW_COP_FINAL.pdf

<http://www.nao.org.uk/wp-content/uploads/2015/03/Making-a-whistleblowing-policy-work.pdf>

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: Adrian Thompson Tel No: (01603) 222784
Email address: Adrian.thompson@norfolk.gov.uk



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

Whistleblowing Policy and Procedure

Contents

1. Introduction.....	1
2. What is whistleblowing and what is covered?.....	2
3. Who can raise Whistleblowing concerns?.....	3
4. Protection for Whistleblowers.....	4
5. Confidentiality and Anonymity.....	6
6. How do I report a concern?	6
7. Should I get advice?	7
8. Managers duty to report	7
9. Training and monitoring.....	8
10. How will my concern be dealt with? (the procedure).....	Error! Bookmark not defined.

Appendix A - List of contacts for raising a concern

1. INTRODUCTION – THE POLICY

Norfolk County Council (NCC) is committed to providing a safe, supportive, open and honest working environment. If you work for (or with) NCC, it is important to us that you feel confident and able to raise any concerns that you may have.

You may be concerned about what has happened to you and your colleagues, something you have seen, heard or been asked to do or something that is not happening when it should. It is our aim to continue improving the services we provide, how we conduct our business, and the safety and wellbeing of all those within the workplace. We therefore consider the open and honest raising of concerns to be essential in meeting the Council’s strategic goals, uncovering or preventing wrong doing and how we function.

It is natural to feel uncomfortable about raising concerns at work. You may be worried about negativity from peers, your concerns not being taken seriously, or suffering recriminations such as bullying, harassment or even losing your job. The purpose of this policy is to address those concerns and assure you that the Council will act upon these with the intention of reaching a resolution. We will listen to and consider any concerns raised under this Policy (or any other) and where appropriate, investigate those concerns without delay and you will always have access to the support you need.

We believe that anyone who raises any type of concern about work that they believe to be true, should be treated with respect, and should not suffer as a result.

Through visible leadership at all levels we will actively promote this policy to managers and staff to welcome disclosures, provide training and will act against those who may seek to obstruct or ignore this policy or who harass or victimise anyone raising genuine concerns.

The County Leadership Team will:

- Lead and re-enforce a culture which promotes openness and transparency
- Lead a co-ordinated, efficient response, ensuring that concerns are fully investigated
- Ensure that action is taken on any findings and any lessons are shared and learned; and
- Provide assurance that those who raise concerns are reassured and that the policy has been followed

(To demonstrate top level commitment for this policy it is recommended that it is signed by the following:

(Signed Managing Director

Signed LEADER)

2. **WHAT IS WHISTLEBLOWING AND WHAT IS COVERED?**

Whistleblowing is the term used to describe the disclosure of information about suspected wrongdoing or dangers identified at work.

At the Council, we believe that anyone who raises any type concern about work that they believe to be true, should be treated with respect, and should not suffer as a result. Certain types of wrongdoing or dangers that are reported are regarded as being in the public interest. These are specified with The Public Interest Disclosure Act 1998 and Employment Rights Act 1996 and concern the following matters:

- Any criminal offence (such as fraud or theft)
- Any breach of a legal obligation or duty
- A miscarriage of justice
- A danger to the health and safety of any individual
- Dangers to the environment
- Deliberate concealment of information tending to show any of the above five matters

A worker who reasonably believes that one of the above concerns is either happening now, took place in the past, or is likely to happen in the future is making a 'qualifying disclosure' (and discloses information regarding the matter to the appropriate person or body), will be 'protected' from detrimental treatment or victimisation from their employer. These are called "protected disclosures", further information on the protection for workers can be found in section four of this policy.

As a whistleblower you're protected by law - you shouldn't be treated unfairly or lose your job because you 'blow the whistle'

In some cases, a protected disclosure may be investigated under a separate policy of the Council where appropriate, for example, an allegation of sexual harassment is likely to qualify for protection as it will be with reference to an unlawful or potentially criminal act. In these cases, the Councils Bullying and Harassment Policy (P308) and Grievance policy and procedure (P307) will be used as the internal mechanism for dealing with the concern in the first instance. The Councils Conduct and Behaviour Policy (P319) will be considered in all cases.

Other concerns, that may not be qualifying, which however may meet the public interest criteria, could relate to value for money concerns, poor contract management, employment issues or poor standards of behaviour of staff. While these may not have the same legal protection, the Council takes these seriously and will investigate with a view to resolving those concerns.

Personal grievances and complaints are not usually covered by whistleblowing law. If you are a member of a professional body you may have a professional duty to report a concern. If in doubt, please raise it. Further information on who to report concerns to under this policy can be found in Appendix A.

3. RAISING A CONCERN - WHO CAN RAISE WHISTLEBLOWING CONCERNS?

This policy assists those who work for and/or with the Council (workers) to feel confident and secure with reporting any concerns that relate to section two above. A worker is regarded as an employee of the Council, contractor, consultant, student on work placement, volunteer, casual or agency worker. It also applies to school employees, suppliers to the Council and to those providing services under a contract with the Council (i.e. care homes) in their own premises, or in the premises of another contractor. A worker could also be someone working for an organisation working in partnership with the Council or to companies with which the Council has a shareholding. Although the Council's elected members are not workers within the definition of

Employment Rights Act 1996, this policy nevertheless also applies to the Council's elected members.

Whistleblowing concerns can be reported to someone within the Council, or an external prescribed person or body. In addition, you can also blow the whistle to your legal adviser, Trade Union or to your MP.

Individuals working in maintained schools should raise their concerns with the school using the school's own whistleblowing policy and reporting arrangements rather than directly with the County Council. If the worker, however, has a concern which they feel they cannot discuss with the management of the school or have good reason to consider that their complaint or disclosure will not be properly handled, then they may report their concerns direct to the County Council or the appropriate prescribed person or body.

If the concern relates to a child protection issue this should be reported to the Local Authority Designated Officer (LADO) and in line with the specific guidelines outlined in the school's safeguarding policy.

If the County Council receives any disclosures relating to other organisations/institutions, we will acknowledge these and seek advice on an appropriate course of action on the matters raised.

Any so called 'gagging clauses' in settlement agreements do not prevent workers from making disclosures in the public interest.

Note:- If you are a member of the public and you wish to raise a concern, a list of where your concern can be directed to can be found [here](#).

Or

Telephone: 0344 800 8020

Email: information@norfolk.gov.uk

4. PROTECTION FOR WHISTLE-BLOWERS

(The Public Interest Disclosure Act 1998 (PIDA) governs whistleblowing. PIDA came into force on 2 July 1999. It amends the Employment Rights Act 1996 and protects workers against dismissal or other penalties as a result of making a 'protected disclosure'.)

If a concern (by a worker) is raised in the reasonable belief that it is in the public interest and procedures have been followed correctly, the discloser raising the concern will be protected by the terms of this policy and, where applicable, by whistleblowing legislation. Where a discloser has been

victimised for raising a concern, the Council will take appropriate action against those responsible, in line with the Council's disciplinary policy and procedures.

Any disclosure of information received from a worker in relation to section two of this policy is likely to be considered a "Protected Disclosure". This means that workers who disclose information to the Council or a prescribed person or body in relation to the types of wrongdoing in section two above are protected by law and; will not be at risk of losing their job or suffering any form of reprisal as a result, so long as:

- The worker making the disclosure has reason to believe the information provided is true.
- The worker does not do so for personal gain.

It does not matter if you are mistaken or if there is an innocent explanation for your concerns.

The council does not require workers to obtain proof of wrongdoing or investigate the matter themselves prior to reporting a concern. We want workers to raise any concerns they have at the earliest opportunity so that they can be considered, and hopefully resolved quickly. The Council is committed to dealing with any disclosure appropriately, consistently, fairly and professionally and no-one should feel that any issue or concern is not important enough to be raised.

The Council does not tolerate bullying, harassment or victimisation in any form, including to those who raise a concern in connection with the provisions of this policy. Furthermore, we will not tolerate any attempt to bully a worker into not raising any such concern. The council has specific policies in place to deal with this type of behaviour such as our Bullying and Harassment Policy (P308) and Code of Conduct and Behaviour Policy (P319). We consider behaviour of this nature to be a breach of our values and will take the appropriate action against those who fail to meet our behavioural requirements.

Whistleblowing laws provide the right for a worker to take a case to an employment tribunal if they have been victimised at work or they have lost their job because they have 'blown the whistle'.

If you believe you have suffered a detriment for raising a concern under this policy, you should report this to any of the persons listed in Appendix A.

5. CONFIDENTIALITY AND ANONYMITY

We believe that any worker should feel confident and able to voice whistleblowing concerns openly under this policy. However, the Council accepts that some workers may wish to raise a concern confidentially. This means that although the officer you disclosed the information to will know who you are, you do not want anyone else to be made aware. If this is what you want, every effort will be made to ensure your identity is not disclosed unless we are required to do so by law.

In some cases, it may not be possible to maintain confidentiality as a consequence of an investigation into the concerns raised. If this occurs, we will discuss this as soon as possible with you, and aim to devise strategies for supporting you to ensure that you suffer no detriment or harassment as a result.

Workers can raise anonymous concerns under this policy. This means that those dealing with the concern may not be able to contact you or gain any further information other than what you have provided from the initial disclosure. In these cases, it may be difficult to investigate the concerns raised due many factors, such as a lack of information about individuals, dates, times, locations or documents. There is a risk that genuine concerns raised anonymously may not result in a satisfactory outcome. For these reasons the recommended routes for raising a whistleblowing concern are via open or confidential reporting of information. Nevertheless, anonymous allegations will always be individually considered using the following guidelines:

- the seriousness of the issues raised;
- the credibility of the concern; and
- the likelihood of confirming the allegations from attributable sources.

Anonymous whistle-blowers may seek feedback through a telephone appointment or by using an anonymised email address

6. HOW DO I REPORT A CONCERN?

In the first instance we would encourage you to raise any concern you may have either formally or informally with your line manager. Where you do not believe this to be appropriate, you can use any of the options set out below in Appendix A. Whichever route you choose, please be ready to explain as fully as you can the information and circumstances that gave rise to your concern.

The law recognises that in some circumstances it may be appropriate for you to report your concerns to an external body such as a regulator. The government has produced a list of external bodies designated to receive

external whistleblowing concerns. These are called prescribed persons and the list can be found [here](#). In any case, those who wish to make a disclosure should do so using the Councils internal procedures in the first instance.

It will very rarely (if ever) be appropriate to alert the media. Whistleblowing to the media is only protected under exceptional circumstances and there is a risk that such disclosure could mean that the rights and protections in law, of the person making the disclosure, are lost.

7. **SHOULD I GET ADVICE?**

Before making a disclosure, you may first wish to discuss the concern on a confidential basis. with a Well-being Officer, HR Direct, a trade union representative, solicitor, Public Concern at Work (see below) or professional body, and seek advice on how to proceed. These discussions may help assess how justified your concern is and, if you then wish to proceed, the most appropriate and effective way to report it. This is important because the report should be made so as to allow the most effective investigation, whilst affording the whistleblower protection under the law.

We strongly encourage you to seek advice before reporting a concern to anyone external. The independent whistleblowing charity, Public Concern at Work, operates a confidential helpline. Their contact details can be found in Appendix A.

8. **HOW WILL MY CONCERN BE DEALT WITH - MANAGERS DUTY TO REPORT**

All managers should be aware of this policy and must report to the Chief Internal Auditor any concerns (deemed to be within the Public Interest -see below) that are raised with them within 24 hours of receipt. For the avoidance of doubt, concerns deemed to be within the public interest are:

- Any criminal offence (such as fraud or theft)
- Any breach of a legal obligation or duty
- A miscarriage of justice
- A danger to the health and safety of any individual
- Damage to the environment
- Deliberate concealment of information tending to show any of the above five matters.

Failure to report a concern could be considered a deliberate concealment of information and may result in disciplinary action so if in doubt, report it without delay.

All whistleblowing topics will be reported promptly to the relevant Executive Director (and Head of HR - where an employment matter) in confidence and they will be consulted on any investigation plan. Each quarter, a report of cases, action and learning will be provided to the County Leadership Team and on a bi-annual basis the Council will produce a report in relation to whistleblowing issues that have been reported to the Whistleblowing Officer which will be reported to Policy and Resources. The report will not identify whistle-blowers and will normally be considered by the Committee in public.

Topics which need to be investigated under the set of HR policies (e.g. the bullying and harassment policy) will be reported to the County Leadership Team, the Policy and Resources Committee and the JCNC.

The report and the performance of this policy will be considered annually and will be referenced in the Council's Annual Governance Statement which is published alongside of the Annual Statement of Accounts and Approved by the Audit Committee.

Information gathered regarding whistleblowing issues will be used to inform a review of this policy on an annual basis to ensure it is robust and fit for purpose.

9. **HOW WILL MY CONCERN BE DEALT WITH? (THE PROCEDURE)**

We will respond to your concern to acknowledge it has been raised as soon as possible, usually within three working days of receipt.

Upon receipt of a concern, we will discuss this with you and make initial enquiries to decide whether an investigation is appropriate and, if so, what form it should take. This will include an assessment of whether the concern should be investigated under any of the Council's other policies and procedures.

Any initial meeting under this policy can be arranged away from your workplace, if you wish, and a union or professional association representative or a friend may accompany you in support.

Where appropriate, the matters raised may:

- be investigated by management, internal audit, or through the Bullying and harassment policy P308, disciplinary policy and procedure P303 or grievance policy and procedure P307..
- be referred to the police
- be referred and put through established child/adult protection procedures

- form the subject of an independent inquiry
- We will also consider whether your concerns may be resolved via other mechanisms such as mediation, training or review or any other form of dispute resolution.

Where we can, we will acknowledge the allegation in writing within ten days confirming:

- How the Council propose to deal with the matter
- How long we estimate that will take to provide a final response
- Whether any initial enquiries have been made
- Whistleblower support mechanisms; and whether further investigations will take place and if not, why not.

Any investigation will be proportionate, independent, objective and evidence based, and will produce a report that focuses on identifying and rectifying any issues, and learning lessons to prevent problems occurring.

In respect of disclosures of serious misconduct or wrong doing relating to safeguarding children or adults at risk and or special educational needs; the Council has a legal obligation to investigate and will do so irrespective of the status of any school or relevant organisation.

The Council will do what it can to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are asked to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive appropriate advice and support.

You need to be assured that your disclosure has been properly addressed. Unless there are any legal reasons why this cannot be done, you will be kept informed of the progress and outcome of any investigation. However, sometimes the need for confidentiality may prevent us giving you specific details of the investigation or any disciplinary action taken as a result. You should treat any information about the investigation as confidential.

The Council's Norfolk Support Line Service (see Appendix A) is available to support you if you require it.

10. **TRAINING, PROMOTION AND REPORTING**

The provisions of this policy will be promoted throughout the Council and where appropriate, training and advice will be provided at all levels to those charged with dealing with and investigating whistleblowing concerns.

This policy will also be made available to all those the council does business with and published on the Councils external website.

11. MONITORING AND REVIEW

In line with best practice the Council will record the number of whistleblowing disclosures we receive and their nature, maintain records of the date and content of feedback provided to whistleblowers and conduct regular surveys to ascertain the satisfaction of whistleblowers. Protocols for reporting and evaluating the effectiveness of this policy will be developed by Norfolk Audit Service for approval by the County Leadership Team and agreed by the Policy and Resources Committee.

Appendix A – List of the Councils Whistleblowing Contacts

Whistleblowing Officer (Chief Internal Auditor)	Adrian Thompson Chief Internal Auditor 01603 222 784 adrian.thompson@norfolk.gov.uk
Practice Director (Acting Monitoring Officer)	Abdus Choudhury 01603 222 971 abdus.choudhury@norfolk.gov.uk
Head of HR	Sarah Shirtcliff Sarah.shirtcliff@norfolk.gov.uk
Managing Director	Wendy Thomson 01603 222001 wendy.thomson@norfolk.gov.uk
Health, safety and well-being manager	Derryth Wright Derryth.wright@norfolk.gov.uk
Executive Director of Finance	Simon George 01603 2224000 simon.george@norfolk.gov.uk
External Auditors	Ernst and Young Ernst & Young LLP One Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ, United Kingdom

NCC Whistleblowing Hotline	01603 224433
Norfolk Support Line (Confidential counselling and information hotline for NCC employees)	0800 169 7676
Trade Union (Unison)	Jonathan Dunning 01603 222384 Jonathan.dunning@unisonnorfolkcounty.co.uk
Public Concern at Work (Independent whistleblowing charity)	Helpline: 020 7404 6609 E-mail: whistle@pcaw.co.uk Website: www.pcaw.co.uk
List of Prescribed Persons for external disclosures	https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies
In respect of criminal offences, it may be necessary to contact the Police.	Norfolk Constabulary: Emergency: 999 Non-Emergency: 101

Policy and Resources Committee

Item No 16

Report title:	Limited Company Consents
Date of meeting:	26th November 2018
Responsible Chief Officer:	Executive Director of Finance & Commercial Services – Simon George
Strategic impact Limited companies owned by the County Council require the consent of the County Council before they 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 as detailed in appendix A

1. Background

Appointment of Directors

- 1.1 Limited companies owned by the County Council require 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 Limited companies owned by the County Council 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



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

Company	Resign	Appoint
Hethel Innovation Ltd		Sarah Rhoden
Norse Group Limited	Tom McCabe	Fiona McDiarmid
Norse Care Limited	Tom McCabe	Fiona McDiarmid
Norse Care (Services) Limited	Tom McCabe	Fiona McDiarmid
NPS Property Consultants Limited	Tom McCabe	Fiona McDiarmid
Norse Commercial Services Limited	Tom McCabe	Fiona McDiarmid
Norse Eastern Limited	Tom McCabe	Fiona McDiarmid
Norse Transport	Tom McCabe	Fiona McDiarmid
Norfolk Environmental Waste Services Limited	Tom McCabe	Fiona McDiarmid
NPS Norwich Limited.	Vacancy	Carol Marney
Build Insight Ventures Ltd.	Steve Daw.	James Pratt
Build Insight Ventures Ltd.	Vacancy.	Luke Tyce
Build Insight Ltd.	Steve Daw.	James Pratt
Build Insight Consulting Ltd.	Steve Daw.	Luke Tyce
Hamson Barron Smith Limited.	Steve Daw.	Daniella Barrow
International Aviation Academy-Norwich Limited	Steve Daw	James Pratt
Norse Energy (BSCC) Limited.	Steve Daw.	James Pratt
Norse Energy (HAFOD) Limited	Steve Daw.	James Pratt
Norse Energy (Stoke Gifford) Limited.	Steve Daw	James Pratt
Norse Energy Limited.	Steve Daw.	James Pratt
NPS London Limited.	Steve Daw	Simon Hersey
NPS Newport Limited	Steve Daw.	Marina Robinson
NPS Norwich Limited.	Steve Daw.	Marina Robinson
NPS South West Limited.	Steve Daw.	Marina Robinson
NPS South East Limited.	Steve Daw.	None

Policy and Resources Committee

Item No 17

Report title:	Notifications of Exemptions Under Contract Standing Orders
Date of meeting:	26 November 2018
Responsible Chief Officer:	Simon George, Executive Director of Finance

Brief outline of the paper:

Under the Council's Contract Standing Orders, paragraph 9.11, the Head of Procurement and the Head of Law have the authority to approve the letting of a contract without competition or the negotiation of a contract with one or more suppliers without prior advertisement, subject to the relevant law. Exemptions resulting in the letting of contracts valued at more than £100,000 must be made in consultation with the Chairman of Policy and Resources Committee.

Under paragraph 9.12 an exemption under 9.11 outlined above, relating to the award of a contract valued in excess of £250,000 is to be notified to the Policy and Resources Committee.

The report sets out the exemptions that have been made up to 13 September 2018 under paragraph 9.11 of Contract Standing Orders and that are over £250,000 and therefore need to be notified to the Policy and Resources Committee.

Key decisions/recommendations that Committee need to make:

Recommendations:

As required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee is asked to 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.

Supplier	Value, term and ref	Short description of Contract and Reason for Exemption	Date seen by the Chairman of Policy and Resources Committee
Age UK Norfolk	£386,100 – 1 October 2018 to 30 June 2019. EX52342	To provide short-term care at Gray's Fair Court	27 June 2018
Evolve East Anglia CIC	£300,000 – 1 April 2018 to 30 September 2019. EX52855	Supported accommodation service for people leaving mental health hospital	10 September 2018

Officer Contact

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

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

Officer Name:

Al Collier

Tel No:

01603 223372

Email address:

al.collier@norfolk.gov.uk



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