

Corporate Resources Overview and Scrutiny Panel

Date: **Tuesday 12 November 2013**

Time: **10:00am**

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

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

Membership

Mr C Jordan (Chairman)

Mr S Clancy
Ms E Corlett
Mr A Dearnley
Mr P Hacon
Mr S Hebborn
Miss A Kemp
Mr I Mackie
Mr J Mooney

Mr R Parkinson-Hare
Mr A Proctor
Mr D Ramsbotham
Mr W Richmond
Mr B Spratt
Mrs A Thomas
Mr B Watkins
Mr T White

Cabinet Members (Non-voting)

Mr S Morphew Finance, Corporate and Personnel
Mr D Roper Public Protection (Public Health)

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

01603 222966 or email committees@norfolk.gov.uk

For Public Questions and Local Member Questions please contact:
Committees Team on committees@norfolk.gov.uk or telephone 01603 222966

A g e n d a

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

2. **Minutes**

(Page 5)

To receive the minutes of the meeting held on 15 October 2013.

3. **Members to Declare Disclosable Pecuniary Interests (DPI) and Other 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 such 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**

Fifteen 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 223230) by **5pm on Thursday 7 November 2013**. For guidance on submitting public questions, please view the Council Constitution, Appendix 10.

6. **Local Member Issues/Member Questions**

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 Thursday 7 November 2013**.

7. **Cabinet Member Feedback**
8. **Scrutiny Forward Work Programme** (Page 12)
Report by the Head of Democratic Services
9. **Report of the Constitution Advisory Group** (To Follow)
Report by the Head of Democratic Services
10. **Norfolk Energy Futures Ltd Annual Report** (Page 16)
Report by the Investment Panel
11. **County Hall Maintenance Programme** (Page 31)
Report by the Interim Head of Finance
12. **Service and Financial Planning 2014/17** (Page 49)
Report by the Head of Planning, Performance and Partnerships and Head of Finance
13. **2013/14 Resources Integrated Performance, Finance and Risk Monitoring Report** (Page 66)
Report by the Head of Planning, Performance and Partnerships and Head of Finance
14. **Customer Services Strategy – Six Month Progress Report** (Page 100)
Report by the Head of Customer Service and Communications
15. **Recruitment of Senior Managers at NCC** (Page 111)
Report by the Acting Head of HR

Group Meetings

Conservative	9:00 am	Colman Room
UK Independence Party	9:00 am	Room 504
Labour	9:00 am	Room 513

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

Date Agenda Published: 4 November 2013



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Corporate Resources Overview and Scrutiny Panel

**Minutes of the Meeting Held on Tuesday 15 October 2013
10:00am, Edwards Room, County Hall, Norwich**

Present:

Mr C Jordan (Chairman)

Ms E Corlett

Mr A Dearnley

Mr P Hacon

Mr I Mackie

Mr R Parkinson-Hare

Mr A Proctor

Mr D Ramsbotham

Mr W Richmond

Mr B Spratt

Mrs A Thomas

Mr T White

Non-Voting Cabinet Members:

Mr S Morpew

Finance, Corporate and Personnel

Mr D Roper

Public Protection (Public Health)

1 Apologies and Substitutes

- 1.1 Apologies were received from Mr S Clancy, Mr S Hebborn (Mr C Aldred substituting), Miss A Kemp (Mr B Bremner substituting), Mr J Mooney (Mr T Garrod substituting) and Mr B Watkins (Dr M Strong substituting).

2 Minutes

- 2.1 The minutes of the meeting held on 3 September 2013 were approved by the Panel and signed by the Chairman subject to the deletion of the final sentence of paragraph 14.1.

3 Declarations of Interests

- 3.1 There were no declarations of interest.

4 Items of Urgent Business

- 4.1 There were no items of urgent business.

5 Public Question Time

- 5.1 There were no public questions.

6 Local Member Issues/Member Questions

6.1 There were no Local Member Issues/Member Questions.

7 Cabinet Member Feedback

7.1 The Cabinet Member for Finance, Corporate and Personnel gave the Panel the following feedback:

- Consultation on the Council's budget proposals was proceeding as planned.
- The Council was examining options to achieve the greatest value for the disposal of surplus furniture following the introduction of the "Norfolk Work Style" project.
- The Senior Management Review process was underway and no proposals had yet been put to Cabinet. The following interim appointments had, however, been made:
 - Anne Gibson, Acting Managing Director
 - Sheila Lock, Interim Director of Children's Services
 - Peter Timmins, Interim Head of Finance
 - Tom McCabe, Interim Highways Assistant Director (currently part-time and full-time from 4 November 2013)
 - Lucy Macleod, Acting Director of Public Health

7.2 The Cabinet Member for Public Protection (Public Health) reported that a second day of strike action had been called by the Fire Brigades Union for this Saturday. This was expected to be more challenging for the Fire Service than the earlier day of strike action.

8 2013/14 Resources Finance Monitoring Report

8.1 The annexed report (8) by the Interim Head of Finance was received. The report provided an update of finance monitoring for services within Corporate Resources.

8.2 In the course of discussion the following key points were made:

- The Panel asked for the forecast financial outturn position for Member allowances to be reviewed to take account of a reduction in the number of Member positions within the Council's Cabinet structure, and of an increase on the number of Party Spokespersons following the last County Council election.
- It was noted that the sum £0.027m within the approved budget for County Farms related to asset appreciation and depreciation costs.
- The Panel asked for information on the amount of income that was raised from County Farm rents. (After the meeting, the County Farm rent amount for 2013/14 has been confirmed at £1.664m).
- It was noted that the County Council was expected to recover 85% of the money which it had invested in the Kaupthing Singer and Friedlander Icelandic bank. The Council had so far got back 79% of its investment and was expected to receive a further dividend payment in November 2013. Recovery levels in the other two Icelandic banks were adjusted to take account of realised foreign exchange gains and losses.
- Members asked for the chart at paragraph 1.9 of the report to be revised so as to include additional columns for the level of expected recovery of money invested

in Icelandic banks and for the level of recovery that had so far been achieved.

The Panel **RESOLVED** to note the report.

9 Scrutiny Forward Work Programme

9.1 The annexed report (9) by the Head of Democratic Services was received.

Members agreed the scrutiny topics and reporting dates set out in paragraph 9 of the report subject to the addition of draft terms of reference for scrutiny of maximising revenue from the County Farm Estate for the next meeting of the Panel.

10 Opportunities for Income Generation

10.1 The annexed report (10) by the Interim Head of Finance (which had been published with the supplementary agenda) was received.

10.2 In the course of discussion, the following key points were made:

- The Panel welcomed the report and asked for it to be expanded to include examples of how the Council was looking to maximise all sources of income generation.
- It was noted that income generated through advertising and promotion work for outside organisations was being examined by the Communications Unit within Resources.
- It was also noted that the Council had no plans to remove museum admission charges or to raise the level of Council tax.
- It was pointed out that for commercial reasons the Post Office was reluctant to take on responsibility for the issuing of blue disabled badges.
- Dr Strong asked to be given details after the meeting to show the running costs and the level of subsidy associated with the Council supporting Holt Hall.
- It was pointed out that project funding was available to the County Council from the EU; the County Council employed an EU Development Officer to maximise its funding from EU sources.
- It was said that Government sources of funding for specific projects should be pursued whenever and wherever possible and that reference to these sources of funding should be added at paragraph 1.4 of the report.

The Panel **RESOLVED** to note the report.

11 Report of the Constitution Advisory Group

11.1 The annexed report (11) by the Chairman was received. The Panel received a report on the work which had so far been undertaken by the Constitution Advisory Group.

11.2 In the course discussion, the following key points were noted:

- Dr Strong made a number of detailed comments about the work of the Advisory Committee which are set out in the Appendix to these minutes.

- The Chairman said that he did not necessarily agree with all the comments that had been made by Dr Strong.
- Other Members pointed out that the delay before the first meeting of the Advisory Group was because a Member briefing session had been held in August 2013 to scope the work of the project.
- It was noted that in order to make informed choices as to what was the right governance structure for Norfolk, the Advisory Group was analysing various models around executive and committee governance.
- A straightforward comparison with other Council models was proving to be difficult.
- The Advisory Group was looking to put forward models of governance that were appropriate to local circumstances in Norfolk and the County Council's strategic objectives that could stand the test of time.
- The work of the Advisory Group was not yet complete, and the Advisory Group was not confident that it would be in a position to put forward sufficiently advanced proposals to CROSP and to Council in November 2013.
- The Advisory Group had been advised that it would not be possible to move the Council's AGM from May 2014 to June or July 2014.
- Any resolution to move to a new system of governance made after November 2013 would not allow sufficient time for the required detailed work on a new constitution and for public consultation to be undertaken in order to change the governance structure by the time of the Council's AGM in 2014.

The Panel **RESOLVED** to note the work that had been undertaken by the Advisory Group so far. The Panel also **RESOLVED** to ask CAG to continue with its deliberations and to work towards being able to propose a Committee system of governance to CROSP at its meeting in November, whilst recognising that the Group's work on an improved Cabinet system would also be a valuable proposition if the Council did not resolve to move to a Committee style of governance at its meeting in November 2013.

12 Carbon and Energy Reduction Programme Report for 2012-13

- 12.1 The annexed report (12) by the Director of Environment, Transport and Development was received. The report provided a progress update on the Council's Carbon and Energy Reduction programme.
- 12.2 The Panel **RESOLVED** to note:
- (a) The reductions in non-schools building, and Traffic Street Lighting energy use mentioned in the report, and to support the continued delivery of the Carbon and Energy Reduction Programme to meet its obligations and address ongoing energy costs;
 - (b) The marketing to schools of other options to finance energy improvements, including the package developed by Norse Energy Ltd.;
 - (c) Further delivery improvements, in the areas identified in Section 6 of the report.

13 Energy and Carbon Management Programme 2014-2020

- 13.1 The annexed report (13) by the Director of Environment, Transport and Development was received. The report explained how over the course of the Energy and Carbon Management Programme energy costs and carbon savings had been achieved, demonstrating that the programme was on track to deliver its carbon reduction target.

13.2 In the course of discussion the following key points were made:

- The 25% carbon reduction target (from its baseline year of 2008/09) was, apart from schools, already near its target.
- Schools formed 81% of the buildings-related component of the carbon footprint.
- Over the course of the programme there had been significant investment in improving the efficiency of the County Council's property portfolio.
- The carbon reduction targets needed to be set against the backdrop of the rising cost of heating oil, as well as energy prices for gas and electricity.
- The Council planned to extend its carbon reduction programme which was due to conclude in March 2014, so as to put in place a phase two from 2014 until 2020.
- It was noted that the Council had no direct control over the use of energy within schools which had significant implications in meeting increased overall performance targets for the entire Council estate.
- It was suggested that schools should be further encouraged to be more responsible for meeting their own performance targets.
- The Panel asked for the next report to include a graph to show separate carbon reduction targets for schools.
- The programme was expected to achieve significant savings for the Council over the period to 2020.
- Outside of the main focus of the building estate, the part night street lighting programme was showing signs of a turnaround in performance; however there was disquiet within the city about the merits of having street lights switched off during the night. This disquiet did not extend to rural areas of the county.

The Panel **RESOLVED** to support

- (a) The expansion of the Energy and Carbon Management Programme, and support the adoption of an increased stretch target to 50% reduction from the 2008/09 baseline with the focus on the corporate estate only.
- (b) Track the school estate performance separately, but not within a corporate target, with the Children's Services Department reporting this performance directly to either CROSP or Children's Services Overview and Scrutiny Panel on a monthly basis.
- (c) Support the exploration of external, alternative financing arrangements of the programme, particularly with respect to the school estate.

The meeting concluded at 11.40am.

CHAIRMAN



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Appendix to the minutes of Corporate Resources Overview and Scrutiny Panel 15 October 2013 --In Respect of Item No 11

Dr Marie Strong made the following comments during consideration of Item 11 which she has asked to have appended to the minutes:

Other than the Chairman I am the only minority group member of CAG present at this meeting and thought it appropriate, with the Chairman's permission, to make a few comments -

Members noting 7.3 of the paper might be surprised as to why:

- a. CAG have been discussing an enhanced Cabinet system (referred to an enhanced status quo)
- b. It is suggested CAG is not confident it can make advanced proposals to CROSP or Council in November
 - implying the Cabinet system would remain status quo

The answer to a. is that at an early meeting the Chairman proposed as well as a Committee system the Group should give consideration to an enhanced Cabinet system and both would be put to Council.

The non-Conservatives objected to the proposal, quoting the motion passed by Council on 24 May. Advice was given that the Group could decide how to proceed. A vote was taken. The three non-Conservative Members voted in favour of concentrating solely on a committee system; the Conservative Members voted to work on a cabinet system as well as a committee system and the Chairman used his casting vote. Since then we have spent as much time discussing a cabinet system as a committee system.

Therein also lies part of the answer to b., as to why it is suggested CAG might not be ready to offer advanced proposals at November's Council and not be ready (6.8.1) to move to a committee system in time for the AGM 2014.

Additionally Members may have noted that whilst the time-frame for us to move in principle to a committee system commenced on 24 May the first meeting of CAG was on 28 August – we had lost 3 valuable months.

To aid me in working towards that task I am attending the LGA (Local Government Association) workshop for Councils working towards a committee system. Richard Bearman, Leader of the Green Group is also attending. I hope that representatives of other groups will attend in order to gain knowledge as to how we can achieve the task we have been given. I certainly look forward to sharing experiences with Councillors from other counties.

All that apart I believe that with the right will – particularly if we adhere to the spirit and intent of Council's motion - a good and useful paper could be put to CROSP and Council in November. I hope CROSP will encourage the Members of CAG to fulfil the task set by Council.

My thanks to the Chairman for his indulgence.

Marie Strong

County Councillor Dr Marie Strong
Leader Liberal Democrat Group

Scrutiny Forward Work Programme

Report by the Head of Democratic Services

Summary

This report asks Members to review and develop the programme for scrutiny.

Action required

Members are asked to:

- i) consider the Outline Programme for Scrutiny and agree the scrutiny topics and reporting dates
- ii) consider new topics for inclusion in line with the criteria at para 1.2
- iii) consider and agree the terms of reference for scrutiny of the potential financial contribution of County Farms (see proposed draft at Appendix A)

1. Developing the programme for scrutiny

- 1.1 The Outline Programme for Scrutiny has been updated to show changes from that previously submitted to the Panel on 15 October 2013.

Added – None

Deleted - None

- 1.2 Members of the Overview and Scrutiny Panel can add new topics to the scrutiny programme in line with the criteria below:

(i) High profile – as identified by:

- Members themselves (through meetings with constituents etc)
- Public (through surveys etc)
- Media
- External inspection

(ii) Impact – this might be significant because of:

- The scale of the issue
- The budget that it has
- The impact that it has on members of the public (this could be either a small issue that affects a large number of people or a big issue that affects a small number of people)

(iii) Quality – for instance, is it:

- Significantly under performing
- An example of good practice
- Overspending

(iv) It is a Corporate Priority

- 1.3 At its last meeting, the Panel agreed to add “the potential financial contribution of the County Farms estate” to its scrutiny forward work programme and requested that draft terms of reference be brought to the next meeting. These are available at Appendix A. The Panel is asked to agree the terms of reference for this topic, including how it wishes to conduct this scrutiny.

2. Section 17 – Crime and Disorder Act

- 2.1 The crime and disorder implications of the various scrutiny topics will be considered when the scrutiny takes place.

3. Equality Impact Assessment

- 3.1 This report is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

4. Other Implications

- 4.1 Officers have considered all the implications which Members should be aware of. Apart from those listed above, there are no other implications to take into account.

5. Action required

Members are asked to:

- i) consider the Outline Programme for Scrutiny and agree the scrutiny topics and reporting dates
- ii) consider new topics for inclusion in line with the criteria at para 1.2
- iii) consider and agree the terms of reference for scrutiny of the potential financial contribution of County Farms (see proposed draft at Appendix A)

Outline Programme for Scrutiny

Meeting date	Topic	Administrative business
13/1/14	Compliments and Complaints Service – April to September 2013 – performance review Shared Services Six Monthly Progress Report Improving Customer Service: Six Monthly Progress Report	Six-monthly reporting. Last report in July 2013. Last report in June 2013. Last report in June 2013.
10/3/14	County Hall Maintenance Programme: Six Monthly Progress Report	Last report in September 2013

Scrutiny items completed by the Panel during past year:

- Post Offices (July and November 2012)
- Arrangements for managing risks to Norfolk County Council arising from the outsourcing and commissioning of services (November 2012)
- The Council's policy for responding to claims for compensation arising from accidents on public footways (November 2012)
- Business Process Re-engineering (March 2013)
- Public Sector Pensions (March 2013)
- The County Council's Usage of Water (September 2013)
- Carbon & Energy Reduction Programme Report for 2012/13 (October 2013)
- Energy & Carbon Management Programme 2014-2020 (October 2013)

Officer Contact: If you have any questions about matters contained in this paper please get in touch with Keith Cogdell 01603 222785 keith.cogdell@norfolk.gov.uk



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Norfolk County Council

Corporate Resources Overview & Scrutiny Panel

<p>Terms of reference for scrutiny of The potential financial contribution of the County Farms estate</p>
<p>Scrutiny by To be decided</p>
<p>Reasons for scrutiny In March 2009, Cabinet accepted all the recommendations put forward by a Cabinet Scrutiny Committee working group concerning the Council's policy on its County Farms estate. This included abandoning the optimisation of capital receipts as the principal policy objective for the management of the estate, and acceptance of an aspiration that "the estate should become an exemplar of innovation, investment and partnership working in the interests of tenants, local communities and present and future generations of Norfolk people." Given the need to make the most of the Council's assets to generate income wherever possible, the Panel considers that it is timely to investigate the current and potential contribution that the estate could make.</p>
<p>Purpose and objectives of scrutiny</p> <ul style="list-style-type: none"> • To ensure that the financial potential of the estate, in terms of revenue to the County Council, is being maximised. • To identify, where possible, new areas and means of generating income from the estate, while continuing to act as a good landlord.
<p>Issues and questions to be addressed</p> <ul style="list-style-type: none"> • What are the current policy objectives for the estate? • The nature and amount of investment into the estate since 2009. • Trend in income from the estate since 2009. • Details of any income-generating innovations already considered for the estate and the extent of their adoption. • The scope for increasing revenue from the estate through innovation within the terms of current tenancy agreements. • Possible sources of new ideas for consideration e.g. other authorities with County Farm estates.
<p>Deadlines and timetable To be decided.</p>
<p>Terms of Reference agreed by Corporate Resources Overview & Scrutiny Panel Date: 12 November 2013</p>

**Norfolk Energy Futures Ltd
Annual Report**

Report by the Investment Panel

Summary

This report describes the annual report for Norfolk Energy Futures Ltd, submitted to Companies House. It also describes forthcoming projects and investment opportunities being developed by the company.

The Council's Investment Panel is responsible for agreeing the nature and extent of investment by the Council into the company. With the departure of the two chief officer representatives, Cabinet will be asked to agree successor appointees, in accordance with its terms of reference.

Action Required

Norfolk Energy Futures Ltd Annual Report and Accounts 2013 are to be noted

The Panel is asked to continue to support the Council investing in renewable energy projects through Norfolk Energy Futures Ltd, in line with the current investment programme.

1. Background

- 1.1. At its meeting of 12 September 2011, Norfolk County Council's Cabinet agreed to establish an Energy Services Company (ESCO), as a free-standing company, wholly owned by the Council.
To provide a clear framework for the Council as sole shareholder in the company (100 equal shares), an Investment Panel was established (Terms of Reference see Appendix 1), held accountable to Cabinet.
- 1.2. The directors of the company were appointed by the Investment Panel at its meeting of 1 November 2011 and the process of defining the Articles of Association and registering the business with Companies House initiated.
- 1.3. The first Board Meeting of the company was held on 20 January 2012, to complete the registration formalities and other business required by the company to start trading, including setting an accounting reference date of 31 January.
- 1.4. Members agreed to investments of up to £8.3m for the first 3 years of trading, by means of lending to the company, who will remain liable for repayment of the debt plus interest on agreed terms.
- 1.5. The Board submitted its first Annual Report and Accounts to Companies House in August this year (Appendix 2).

2. **Early Projects**

- 2.1. The first year of operation focussed on delivering micro-wind projects on the County Farms estate, generating income for the company and a free renewable energy supply for the tenant farmers.
- 2.2. From an initial screening of 80 possible turbine installations, 43 met the criteria for applying for planning and network connection approval. Several were withdrawn during planning or were scaled back due to grid connection limitations.
- 2.3. A total of 19 turbines were ultimately installed, all within the deadline for Feed-in-Tariff reduction (November 2012). Costs, including planning fees, compensation, wayleaves, meter management and insurance amount to £491,500 and are expected to provide a projected return on investment of around 12-14% over a 20-year period.
- 2.4. With the reduction in tariffs and the physical and spatial constraints on site selection in Norfolk (along with scheme-by-scheme up-front design and planning costs associated with these), the company is currently only considering further micro-wind projects that have already gained the necessary consents and approvals, but (subject to acceptable rates of return) require finance and project management to deliver.

3. **Company finances**

- 3.1. The company's accounts (See Appendix 2) reflect a first year of start-up, including project development and design, as well as legal and administrative activities to create a viable operating structure.
- 3.2. Whilst it is not possible to offer a shareholder dividend from this year, the company's prospects continue to look promising. Maintaining low overhead costs whilst generating high return renewable energy projects will continue to be the focus for the company.

4. **Current Project Development**

- 4.1. Norfolk Energy Futures is currently developing an innovative product to offer businesses in Norfolk medium-sized solar photovoltaic package. It is expected to take the proposal to the next Investment Panel meeting this autumn.
- 4.2. Current market analysis and early interest already expressed indicate that the company can expect to install up to 8 systems to an estimated total value of £800,000 over the next year, offering a return of investment in the region of 12%. Subject to the usual variables of installation and system costs and tariff changes, it is anticipated that this element of the portfolio will grow over the coming years.

- 4.3. In addition, the company is working with the County Council on delivering an anaerobic digestion (AD) project, using suitable feedstocks to generate biomethane either used for electricity generation or to upgrade and inject into the National Grid Gas network. Current estimates offer a return on investment within the range of 13 – 20%.
- 4.4. Following a final analysis of feasibility and delivery options of the AD project (including Joint Venture) procurement decisions are expected in late 2013/14 with delivery and commissioning into 2014/15. The project chart in the Annual Report shows the timeline for this project, with an expected spend of £3-7m, depending on the extent of joint-venture or partnership funding drawn in and subject to Investment Panel approval.

5. **Investment Panel**

- 5.1. The County Council's Investment Panel has met 8 times since inception, to oversee the establishment of the company / approve investments and provide a shareholder steer on project development priorities and investments.

- 5.2. The Panel's membership has included Cabinet Members (Cllrs Cliff Jordan and Bill Borrett under the previous administration. Currently Cllr David Harrison provides Member representation). Chief Officers have been represented by the Director of Finance and the Director of Environment, Transport and Development.

External and commercial challenge for the Panel had periodically been provided through May Gurney, prior to its integration into the Kier Group.

- 5.3. Due to imminent staffing changes, the two chief officer appointments will require review by Cabinet, subject to any acting-up, interim or reappointment decisions.

6. **Conclusions**

- 6.1. Norfolk Energy Futures Ltd has achieved a successful first year of business and is well positioned to continue to deliver renewable energy projects, benefitting Norfolk and inward investment into the County.
- 6.2. The forward programme of projects and investments is of a scale to enable the company to grow and deliver sound short and medium term returns, both for re-investment in business growth and to deliver a healthy dividend.
- 6.3. The Investment Panel's terms of reference require the appointment of a Chief Officer and Head of Finance, which will be necessary once the current officers leave Norfolk County Council.

Cabinet will be asked to make these appointments.

7. **Resource Implications**

- 7.1. **Finance** The Norfolk Energy Futures Ltd will remain liable for relevant costs for future projects and programmes and all company business. At present, the primary source of finance for the company is through borrowing from NCC, via the Investment Panel.
- 7.2. **Staff** : ETD and Finance staff provide the Council's input and support to establishing the company and supporting the Investment Panel.
- 7.3. **Property** : Norfolk Energy Futures Ltd is responsible for its own property and infrastructure management.
- 7.4. **IT** : The Company currently shares the use of existing Council ICT. However it has established its own web space and email accounts and is responsible for its own web-based data management systems.

8. **Other Implications**

- 8.1. **Legal Implications** : None for the County Council
- 8.2. **Human Rights** : None applicable
- 8.3. **Equality Impact Assessment (EqIA)** : None applicable
- 8.4. **Communications** : No implications for the Council.
- 8.5. **Health and Safety Implications** : No implications for the Council.
- 8.6. **Environmental Implications** : No implications for the Council.
- 8.7. **Any other implications** : Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

9. **Section 17 – Crime and Disorder Act**

- 9.1. Not applicable

10. **Risk Implications/Assessment**

- 10.1. Investment risks are borne by the Company and the appraisal of risk is undertaken by the Investment Panel, Accountable to Cabinet.

11. **Alternative Options**

- 11.1. Cabinet could choose to review the terms of reference of the Investment Panel to enable either more or less scrutiny of the Company's investment proposals.

12. **Reason for Decision**

- 12.1. The terms of reference for the Investment Panel require Cabinet to agree Chief Officer and Member appointments.

Action Required

- (i) Norfolk Energy Futures Ltd Annual Report and Accounts 2013 are to be noted
- (ii) The Panel is asked to continue to support the Council investing in renewable energy projects through Norfolk Energy Futures Ltd, in line with the current investment programme.

Background Papers

Appendix 1 – Investment Panel Terms of Reference

Appendix 2 – Norfolk Energy Futures Annual Report and Accounts 2013

Officer Contact

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

Name	Telephone Number	Email address
Mark Allen	01603 223222	mark.allen@norfolk.gov.uk
Phil Bennett-Lloyd	01603 222754	philip.bennett-lloyd@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk



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Norfolk Energy Futures Ltd (ESCo) Investment Panel

Terms of Reference

20/10/2011

Purpose

At its meeting of 12 September 2011, Norfolk County Council's Cabinet agreed to establish an Energy Services Company (ESCo), as a free-standing company, wholly owned by Norfolk County Council.

The registered name of the ESCo is Norfolk Energy Futures Ltd (The Company)

See Appendix 1 for the Articles of Association

Under the agreed governance arrangements, the Council's interest shall be represented by an Investment Panel, to oversee and agree investment decisions.

The Norfolk Renewables Investment Panel (the Panel) shall:-

- Represent the Shareholder's interest in Norfolk Renewables Company
- Accountable to Cabinet
- Provide the County Council's direction and consent for investment decisions of the Company, subject to financial thresholds set out in the Articles
- Appoint or remove directors to or from the Company
- Approve (or not) projects, investments and recommendations of the Company
- The Chairman of the Panel shall also chair general meetings of shareholders

Reference:-

Article 6.3 for consents through the Panel, required by the Company

Articles 17 and 18 for appointment and removal of Directors

Article 40 for chairing general meetings

Accountability and reporting relationships

The Panel shall be accountable to Norfolk County Council's Cabinet and take responsibility for communicating the Company's annual report and accounts to the Council.

Decisions from the meetings of the Panel will normally be made publicly available

The Panel will periodically report progress and outcomes from investment decisions to Cabinet and the Council

Membership and appointments

The Panel shall comprise a minimum of
1 Cabinet Member
Head of Finance
Director of Services

Initially, Cabinet has agreed to appoint from the current Carbon and Energy Reduction Programme (CERP) Board, to comprise:-
Cllr Cliff Jordan – Cabinet Member for Efficiency
Cllr Bill Borrett – Cabinet Member for Environment and Waste
Mike Jackson – Director of Environment, Transport and Development
Paul Brittain – Head of Finance

Other Panel members may be co-opted as necessary, by the Panel

Cabinet shall make subsequent appointments to the Panel as necessary, in line with the normal appointments procedures.

Meetings and communications

The Panel shall meet a minimum of once per annum and be chaired by a Cabinet Member

The frequency of meetings shall be determined by the nature and extent of business necessary to be covered.

One meeting per annum will specifically examine the Annual Report and Accounts of the Company

The Panel may also make decisions or provide direction through written correspondence and emails, where appropriate

Administration and technical support

Administration of meetings will be provided by the Council's Support Services

Technical support will be provided through the Council's Climate Change Section, incorporating financial and legal guidance as appropriate.

Review of Terms of Reference

These terms of reference shall be reviewed and amended from time to time by the Panel to ensure that the Council's interest in the Company is properly upheld.

Norfolk Energy Futures Annual Report 2013

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1.0 Overview

Norfolk Energy Futures (NEF) has had a successful first year of trading. It has developed a pipeline of investment opportunities which will come to fruition over the next two years along with making a modest but significant investment in small scale wind on the County Councils farm estate.

The operating environment for the company has been challenging with government policy on renewable energy financial incentives constantly under review. Despite this, the investments already made are expected to provide a return in excess of 10% to the company.

The company has developed its brand image with a distinctive logo and website as well as appropriate promotional material. This puts it in a good position to develop further business.

There have been a variety of barriers to investment which have required significant resource to overcome, although many of these are now resolved and the company looks forward to good prospects in the years ahead.

2.0 Investments

NEF worked with local installer, Windcrop, to develop a project which would have seen up to 80 small scale wind turbines being installed on the County Farms estate. The project involved feasibility-mapping of the estate, a surveyor's visit to the farms and planning applications / grid-connection approval process for each site progressed.

As part of this mapping process, the majority of NCC's eastern estate was found to be within an unacceptable distance to Ministry of Defence radar systems and carried a high risk of refusal so, it was decided to scale back and focus on the western half of the estate, largely in fenland Norfolk.

Planning applications were lodged for 43 wind turbines, along with consents for grid connection. 19 of these were successful and all were successfully installed before the reduction in the feed in tariff.

3.0 Project Development

Much of the developmental work through the year has focused on key sectors. Renewable energy projects require a large amount of lead-in planning to ensure sound economic returns, successful delivery and propagation of future contracts. It is important to focus on technologies which will return the highest level of investment to the company. Currently we are targetting anaerobic digestion energy plants and solar photovoltaic panel arrays as the primary technologies around which NEF will develop product packages.

Anaerobic digestion (AD) has traditionally been seen as an efficient way to process organic waste however it is now becoming an important energy generation technology in its own right. We have done substantial feasibility work on building an AD facility in Norfolk, focusing on organic waste. An investment paper is due October 2013.

Solar photovoltaic systems are a proven technology which have seen substantial uptake over the past 3 years due to the governments feed-in-tariff scheme (providing financial incentives for renewable energy generation). Although the feed in tariff has been heavily reduced in the past 18 months, we are producing an innovative financial package that will help organisations faced with increasing energy costs procure affordable energy.

4.0 Company Operations

As with any new business NEF has encountered a variety of challenges since the company starting operation.

The fundamental objective of the company is to maximise its returns on investment and generate a favourable dividend to the Council, as sole shareholder. In its first year of operation NEF encountered a number of issues taking a significant amount of time to resolve and which particularly resulted in delayed delivery of the wind turbine projects and reduced its potential to develop a wider portfolio of projects in its first year of operation.

Notwithstanding, the early projects continue to show excellent prospects of delivering a strong return on investment and the company can remain confident in its capability to assess the renewables marketplace, scope suitability and feasibility of projects and deliver in an efficient and cost-effective manner.

Looking ahead, the company has resolved many of the issues that have emerged in its first year of trading and can look forward to a productive and profitable future.

5.0 Company Admin.

Over the past 12 months we have launched the Norfolk Energy Futures website (www.norfolkenergyfutures.co.uk) and the NEF telephone line (01603 224187). We have produced company stationary such as business cards and headed paper as well as having company folders designed and printed enabling us to promote the company across the region.

The company has developed an up to date set of risk assessments and compliance with these is regularly checked.

NEF has put in place insurance arrangements to cover the company and the companies' investments.

NEF has engaged NPLaw to ensure full compliance with our legal obligations.

6.0 Company Accounts

Norfolk Energy Futures Ltd
Detailed Profit and Loss Account
for the year ended 31st January 2013

	2013	2013
	£	£
Sales		
Grant received		
Other income - FIT Income	<u>2,500</u>	2,500
Overheads		
Staff costs		
Office running costs		
Premises running costs		
Travel and subsistence		
General expenses		
ICT costs		
Compensation Payments	552	
Professional services Planning fees	4,200	
Interest payable / (receivable)	<u>(64)</u>	4,688
Net profit / (loss) for the year		<u>(2,188)</u>

Norfolk Energy Futures Ltd
Abbreviated Balance Sheet
As at 31st January 2013

	2013 £
Fixed Assets	
Land & Buildings	477,381
Total fixed assets	477,381
Current Assets	
Debtors	2,600
Cash at bank and in hand	67,931
Total current assets	70,531
Creditors	
Creditors: amounts falling due within one year	18,566
Creditors: amounts due to Parent Company	
Total Creditors	18,566
Net current assets / (liabilities)	51,965
Total assets less current liabilities	529,346
Creditors: amounts falling due after more than one year	531,434
Total net assets / (liabilities)	(2,088)
Capital and reserves	
Called up share capital	100
Reserves	
Profit and loss account	(2,188)
Total Shareholders funds	(2,088)

7.0 Forward Plan

NEF has a comprehensive forward plan to guide it through the next two years. NEF aims to remain an agile and fast moving company and therefore the forward plan will require constant updating. This will reflect the very fluid environment that it is operating in. External factors that will affect the forward plan include changes in government financial incentives, opportunities as they arise and feasibility results. However, the government remains committed to a wide portfolio of energy solutions for the UK, including renewable energy. Renewable energy currently provides 4.1% of the total energy mix – the highest ever, with 11.3% of electricity supplied from renewable sources.

Wind Projects

NEF is re-assessing the maintenance and monitoring programme for its current wind turbine fleet to reduce costs and longer term risks.

We will also investigate opportunities to invest in schemes that have already gained the necessary approvals but require finance and management to deliver and operate.

Solar Photovoltaics on Commercial Buildings

NEF has developed an innovative offering to allow organisations to benefit from solar energy at a price cheaper than grid electricity. The package will be rolled out to organisations in Norfolk with the number of installations dependant on the level of investment made. NEF predicts a spend, in the next year, of approximately £800,000. This would install 8 commercial-sized systems. This is based on initial market research NEF has undertaken on the attractiveness of the scheme to local SME's. This level of investment would result in a return in excess of 10% annually for each installation.

This project, subject to investment panel approval, will be launched in Autumn 2013 with the first investment due by the end of 2013.



Anaerobic Digestion

NEF has been doing substantial feasibility work developing a project around anaerobic digestion. AD is becoming an increasingly popular way to generate energy with significant returns on investment available due to large support from the renewable heat incentive. From initial work the investment required would be approximately £7 million however this will depend on how we deliver the project with partners. The estimated return on investment would be between 13% and 20% annually.

A full feasibility will be presented to the NEF investment panel in Autumn 2013.

NEF Forward Investment Plan

Project	Investment Required	Predicted Return on Investment	2012	2013	2014	2015
Wind Turbines On County Farms						
<i>Feasibility and Project Development</i>			Work Completed			
<i>Procurement and Contracts</i>				Work Completed		
<i>Installation and Commissioning</i>	£450,000	12% IRR			Work Completed	
Solar Photovoltaics on Commercial Buildings						
<i>Feasibility and Project Development</i>				Work Completed		
<i>Procurement and Contracts</i>					Work Planned	
<i>Installation and Commissioning</i>	£100,000 / installation*	12% IRR			Work Planned	Work Planned
Anaerobic Digestion						
<i>Feasibility and Project Development</i>				Work Completed		
<i>Procurement and Contracts</i>					Work Planned	
<i>Installation and Commissioning</i>	£3-7 million	13-20% IRR				Work Planned

 Work Completed
 Work Planned
 Dependant on size.
 * We predict 8 installations in the year ahead

County Hall Maintenance Programme

Report by the Interim Head of Finance

Summary

The purpose of this report is :

- To provide an overview of the scope, timeline, costs and benefits of the strategic maintenance programme.
- To identify all of the elements associated with the maintenance programme contained within a revised estimated total cost of £31.92m.
- To highlight the objective of providing a modern office suite that is fit for purpose and accessible by all.
- To provide an outline of the additional maintenance and refurbishment works requirements necessary to ensure that maximum benefit is secured from the strategic maintenance programme.
- To highlight the estimated cost of £4.47m to deliver these requirements in addition to the original budget of £22.2m for the strategic maintenance programme.
- The identification of existing sources of capital funding of £4.47m over 3 years
- To highlight the enhanced level of energy efficiency improvements funded by £2.76m from the Carbon Energy Reduction Fund.
- The identification of revenue savings rising to £1.57m per annum (£37.9m over 25 years) arising from the closure of Norwich offices facilitated by the completion of the strategic maintenance programme and other works.
- The identification of, and requirement to fund, essential fire safety and security works of £2.49m which are also in addition to the original budget of £22.2m.

2 Introduction

- 2.1 The decision to proceed with the County Hall Maintenance Programme was made as part of the overall strategy to rationalise and consolidate County Council office accommodation. This included an options appraisal which looked at a number of options, including new build. The review concluded that refurbishment of County Hall offered the best value for council tax payers.
- 2.2 The council's overall office accommodation strategy is to close most of the existing offices and invest in three hub buildings in King's Lynn, Great Yarmouth and Norwich. An integral part of this strategy is the consolidation of office accommodation in Norwich at County Hall. This will be achieved through the maintenance programme which will provide significant financial, operational and organisational benefits (see 11.1 – 11.6 below). It will also result in a modern fit for purpose open plan office which will be more accessible especially for people with disabilities. Overall the changes to the building will

mean that there will be greater flexibility in the use of the office space. This will make it far easier to respond and adapt to future organisational changes including the demand for space.

- 2.3 At its meeting on 3 September the Panel considered a report outlining the maintenance programme and arrangements for improving Member oversight of the programme. In doing so the Panel requested a more detailed report on the programme of works including scope and benefits.
- 2.4 This paper identifies and highlights the key elements of a complex programme of repairs and maintenance. It also identifies key dependencies between the strategic maintenance programme and other works required to make the building fit for purpose for at least 25 years.

3 Scope, costs and funding

- 3.1 The original estimate for the County Hall strategic repair programme, as contained in the Cabinet paper of July 2012, was £22.2m. This estimate was based on the information available at the time of preparing the paper for Cabinet. Since then a significant amount of detailed survey and other work has been undertaken to gain a greater appreciation of the problems facing the building. This has been essential in providing a more in depth integrated approach and understanding of the best repair solutions and associated costs.
- 3.2 In developing an integrated approach other opportunities and sources of funding have been identified and brought into a single programme. There are very significant savings to be made by bringing these elements together, avoiding the additional building costs which would otherwise be incurred if works are undertaken after the maintenance works are complete. An integrated programme also helps to limit disruption and the potential impact on service delivery. This in turn helps to maximise the benefits, financial, operational and organisational, from the overall investment in the building.
- 3.3 The original repair programme and budget estimate assumed that existing building insulation, heating and lighting would be replaced with similar systems. The strategic maintenance programme provides a unique opportunity to make significant improvements in these areas to deliver long term energy and carbon savings. Use of existing capital funding from the Carbon Energy Reduction Fund (CERF) provides the opportunity to make these improvements (see 6.2 below).
- 3.4 The need for additional fire safety work was identified following a survey of the concrete frame and floor slabs (see 5.4 below) In addition following a review of security at County Hall, improvements to the security of the building have also been identified. The estimated cost of both these essential elements is £2.49m and the necessary funding will be sought through inclusion within Council's capital programme.
- 3.5 The original strategic maintenance and repair budget provided funding to deliver a platform on which a suite of modern office accommodation could be developed. Consequently there are some significant elements required relating to the fit out of the building that were not included within the original funding. The estimated cost of these elements is £4.47m and further details, including how they will be funded, are contained in sections 7-10 below and in Appendix B
- 3.6 Cost elements contained within the report are grouped together and presented at a high level. Whilst future reports to the Panel will contain more detail relating to specific items, in most cases this is not possible at present as these items will be subject to a competitive tendering process. A summary of the estimated capital costs together with sources of funding is shown in Table 1 below with fuller details in Appendices A and B.

Table 1

Estimated Capital Costs	
Maintenance Programme (Appendix A)	£m
Works to the tower	15.71
Works to lower ground, basement south & north wings	5.13
Works related to all areas (including fire & security)	6.61
Other Works (Appendix B)	
Building and maintenance works	3.06
ICT infrastructure and equipment	0.76
Furniture and equipment	0.65
Total	31.92
Funding	
Borrowing	30.62
Building Maintenance Fund	1.3
Total	31.92

3.8 The borrowing in table 1 above consists of:

Confirmed budget (Cabinet report July 2012) – Actual figure was £22.2m but £1m of this has been funded from the building maintenance fund	21.2
Carbon Energy Reduction Fund (See 3.3 above)	2.76
Previous, current and future years minor works and Disability Discriminations Act budgets and 6 th floor open plan scheme as detailed in Appendix B.	4.17
Fire safety and security works to be considered as part of approving the 2014/15 Capital Programme	2.49
Total	30.62

3.9 The profile of the capital expenditure and the revenue costs from the borrowing is set out in table 2 below:

Table 2

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Expenditure	12.42	11.70	7.35	0.45	31.92
Building Maintenance Fund	1.3				1.3
Borrowing	11.12	11.70	7.35	0.45	30.62
Additional revenue cost of borrowing		0.97	1.99	2.64	Thereafter 2.68

- 3.10 If it is possible to generate additional capital receipts from a review of property and disposal of surplus assets, these will be used to reduce the amount of borrowing.
- 3.11 In addition to the capital costs of the scheme there will be revenue expenditure incurred to cover the cost of NCC staff working on the project and the cost of decanting from existing buildings. These costs are estimated at £0.8m in paragraph 10.2.3 and shown in detail in Appendix B. These costs are to be funded from the Organisational Change Reserve on an invest to save basis.
- 3.12 Revenue savings of £2m were shown in the Cabinet paper of July 2012. However, the figure of £2m was for all office accommodation in Norwich, including those buildings that were already scheduled for closure as part of the savings identified by the Big Conversation. The closure of the remaining buildings in scope (table 3 below) will, when all the buildings are closed, provide annual savings of £1.57m. This will equate to a total estimated saving of £37.9m over a 25 year period from the completion of the works in 2016.

Table 3 Estimated Revenue Savings per annum

	2015/16	2016/17	2017/18	2018/19	2019/20 onwards
Carrow House		430,000	430,000	430,000	430,000
Hooper Lane		41,000	41,000	41,000	41,000
Charles House	130,000	260,000	260,000	260,000	260,000
Vantage House				90,000	358,000
Lakeside 500	118,000	236,000	236,000	236,000	236,000
Lawrence House			15,000	184,000	184,000
Bank Plain (Open)	31,000	63,000	63,000	63,000	63,000
Total	279,000	1,030,000	1,045,000	1,304,000	1,572,000

- 3.13 In addition to revenue savings from closed buildings, there will also be annual savings delivered through energy efficiency measures at County Hall (see 6.2 below). Whilst more detailed work is still required, initial indications are that these savings will amount to approximately £0.2m per annum.

4 **Construction Contract – Procurement process**

- 4.1 The construction contract was awarded following competition using the Norfolk County Council Capital Framework. This resulted in R G Carter Ltd being appointed as the Main Contractor. The stated contract value is £14m for Phase 1 works, however the contract allows for omissions and inclusions as are necessary to complete the project, providing flexibility to incorporate the ongoing development of works to County Hall. The selected form of contract is 'JCT Standard Building Contract Without Quantities 2011 with Amendments'.
- 4.2 NPS Property Consultants Ltd has been appointed to manage all aspects of the construction contract as well as produce designs, specifications and preliminary budget estimates. Each stage of the process is reported to the Programme Board for approval.
- 4.3 To ensure best value is achieved for each construction activity the following procedures are applied:
- Each activity is identified by an individual 'work package'.
 - NPS prepares designs and specifications for each work package in consultation with key project stakeholders.

- Each work package is issued to the Main Contractor for pricing. The Main Contractor is then required to test the market and obtain prices from a number of specialist sub-contractors/suppliers. The Main Contractor will report all prices obtained, together with a recommended sub-contractor/supplier, as well as applying a predetermined profit and overhead percentage to the final price in accordance with the framework tender.
- NPS Quantity Surveyors (QS) then challenge the tender returns for each work package, ensuring all aspects of the specified works are allowed for as well as a true market value being achieved.
- At each stage suitable contingency and provisional sums are applied based on the known information and perceived risk.
- The final tender value for each work package is then assessed against the budget estimate to establish affordability.
- Following final conformation of all clarification questions and evaluation by the NPS Project Team the Main Contractor is issued with a work instruction to carry out the work in accordance with the tender return. Instruction from the Programme Board will be sought in the event tender returns come in above budget estimates or are considered unaffordable.
- A monthly financial progress report is produced by the NPS QS team and presented to the Programme Board.

4.4 Work on site commenced in January 2013 and by the end of September instructions have been issued for work to the value of £2.16m

4.5 To date tender returns have been in line with budget estimates and most significantly tenders have now been received and evaluated for the main work package to over clad the main tower. The returned tender value of this package is £6.61m which is in alignment with the project budget for this item. An instruction to carry out this work has also been issued, increasing the instructed work value to £8.77m.

5 **Strategic Maintenance Programme – Planned Construction Work**

5.1 **Why the work is necessary**

5.1.1 The building is now in a very poor state of repair with much of the heating, plumbing and electrical systems being time expired. The majority of roofs require waterproofing and some structural repairs to the concrete frame are required where either water penetration or movement has occurred. A major concern is cracked masonry located on the exterior façade, which results in pieces of faience tiling falling off the building. The frequency of failures is increasing due to the effects of weathering over the years. Energy efficiency is poor, with most of the building having little or no insulation and single glazing.

5.1.2 The required repair works coincide with plans to change the way the building is used. The County Council plans to close outlying offices and relocate staff and services into County Hall, requiring the refurbishment of offices and public areas to facilitate the change. To provide a flexible and accessible modern office environment open plan offices with increased security and improved, fire safety measures, changes to ICT and furniture layouts are needed. Existing sources of funding have been identified to complete these other works which are summarised in Appendix B.

5.1.3 Both the repair work and refurbishment will therefore be undertaken as a single project to minimise disruption to services and maximise efficiencies.

5.2 **Phase 1 – The Tower (Floors 1 to 9)**

- 5.2.1 The construction work will initially focus on the tower and will include external and internal repairs. The external work will entail removal of failing masonry and the application of a new curtain wall system containing insulation, new double glazed windows and waterproofing. A new insulated roof and cladding to the 9th floor plant room will be constructed as well as structural repairs to the concrete frame and brickwork. All redundant plant and equipment will be removed and replaced with new energy efficient heating, ventilation and cooling systems, dedicated to the tower.
- 5.2.2. Internal work includes complete refurbishment of each floor to an open plan layout. Initially each floor will be assessed and stripped of asbestos containing materials (as far as required), internal walls, floors, ceilings, windows and redundant services. Toilets and kitchen areas will only be refurbished where required as some areas have benefited from recent refurbishment.
- 5.2.3 All works will require compliance to Building Regulations, therefore energy efficiency, ventilation, fire control measures, sanitary provision, accessibility and other measures will need to be improved in line with modern standards.
- 5.2.4 Internal works have started with the strip out of floor 8 and will shortly move onto floor 7. This is in accordance with an agreed strategy where 2 floors at a time will be made available to the Contractor, starting with floors 7 and 8.
- 5.2.5 To enable completion of the internal fit out work it is first necessary to fit the external curtain wall system. Existing windows can then be removed allowing new internal wall finishes to be applied to the perimeter walls.
- 5.2.6 To install the curtain wall system, remove/repair failing masonry and repair the roof it is necessary to erect a full height scaffold around the tower. This requirement has been particularly challenging as the base of the tower adjoins roof areas to the lower floors. A network of support props has therefore had to be installed to transfer loads from the scaffold through the lower floors and onto the building foundations.
- 5.2.7 The full scaffold will be erected starting in October 2013 and will take approximately 3 months to complete. The curtain wall system will then be fitted to each floor, with the work planned to finish in December 2014.
- 5.2.8 The first floor to be completed and handed back for occupation will be floor 8, which is due to take place in April 2014. Works will then progress down the tower over a period of approximately 2 to 2.5 years.

5.3 **Phase 1 – South Wing & Main Reception**

- 5.3.1 Refurbishment and reconfiguration of the South Wing ground floor is required to relocate Member and staff accommodation from floor 5. This will entail internal work only and will be similar to the work carried out within each floor of the tower. In addition to office accommodation a suite of public meeting rooms will be included. These will be required to accommodate the increased number of visitors following the closure of the other offices in Norwich. Changes to the building and its use will also have an impact on the need to improve security, fire safety arrangements and accessibility. Consequently it will also be necessary undertake reconfiguration and refurbishment works to the main building reception area.

5.4 **Fire safety Works & security**

- 5.4.1 Whilst further work is required to develop firm proposals and options for the fire safety work and security throughout the building, current indications are that additional sources of funding of £2.49m will be required. The main element is the need for

additional fire safety work that was identified following a survey of the concrete frame and floor slabs. This revealed that the concrete cover thickness to sections of steel reinforcement within the structure does not provide a required 2 hour fire protection rating. To obtain the necessary Building Control approval for the improvement works further fire safety measures are therefore required.

5.5 **Timeline for Phase1 Works**

5.5.1 A summary of the current planned timeline and re-occupation of floors is shown in 5.5.2 and 5.5.3 below.

5.5.2 Key Milestone	From	To
Erect full scaffold around the tower	October 2013	December 2013
Repairs to tower roof	September 2013	March 2014
Repairs to exterior faience and cladding	January 2014	December 2014
Internal repairs and fit out	May 2013	July 2016
Car park repairs and external access improvements	January 2015	October 2015
Roof repairs to the north/south wings (including solar PV), concourse and rear terrace	January 2015	October 2015
Internal fit out to South Wing	April 2014	October 2014
Internal fit out works to office areas within the north wing and basement areas	2015	2018

5.5.3 Re-occupation of floors	Date
	8 May 2014
	7 July 2014
South Wing (Ground)	November 2014
	6 November 2014
	5 June 2015
	4 June 2015
	3 July 2015
	2 January 2016
	1 January 2016

5.6 **Phase 2 – Remaining Areas**

5.6.1 Once the scaffold is removed from the tower it will then be possible to carry out remaining roof repair works to the south and north wing areas as well as the front concourse and rear terrace areas. It is planned to install a large solar panel scheme on the south wing roof as part of this work.

5.6.2 Currently it is unclear what the full scope of refurbishment work will be for the Lower Ground and Basement floors as well as the North Wing. A large amount of the space within these areas is taken up by storage, plant rooms, IT, facilities management or specialist services, which require only limited repair/refurbishment. The extent of office refurbishment required within the remaining areas will be reassessed in 2014 in line with a review of service requirements and planned office closures.

5.6.3 Once exact requirements have been confirmed it will then be possible to complete detailed designs for refurbishment work, new heating, ventilation and electrical systems.

Other essential maintenance work required includes: external repairs to tiling and brickwork; improved thermal efficiency measures; new accessible fire escape exits and fire control compartmentation.

6 Strategic Maintenance Programme Budget

- 6.1 To demonstrate affordability a high level cost plan for the full scope of the repairs and maintenance programme has been completed and is attached (Appendix A). This highlights the works to be undertaken for the available project budget. The cost estimates show two outstanding areas which are not funded within the total £22.2m budget and do not have alternative sources of funding. These areas are the fire improvement and security works (see 5.4.1 above) and will require additional funding of £2.49m from the capital programme.
- 6.2 Appendix A also includes £2.76m additional funding which will be provided from the Carbon Energy Reduction Fund (CERF). This will cover work detailed below and is an enhancement to the original £22.2m maintenance proposal. Investment in these works is justified through ongoing significant energy/carbon savings and renewable subsidies (such as Feed in Tariff income from solar panel electricity generation). The main aspects are:-
- Enhanced improvements to the tower building fabric, resulting in a considerable annual carbon and energy cost saving as well as a reduced capacity requirement for heating and cooling plant.
 - Solar Photovoltaic (PV) panels.
 - Energy efficient LED lighting.
 - A renewable/energy efficient heating option for areas other than the tower.
- 6.3 To achieve efficiencies through minimising contractor preliminary costs and maximising resource time, some of the works will be brought forward so that the bulk of the maintenance and refurbishment work is completed within a 3 year period. To achieve this, funding from the planned £8.2m budget for later years will also be brought forward to 2014/15 and 2015/16.

7 Works needed in addition to the Strategic Maintenance Programme

- 7.1 The strategic maintenance programme will deliver a platform on which a modern suite of office accommodation can be developed – sustainable, adaptable and fit for purpose. In relation to the tower, funding will be required to meet the cost of the following elements that are not included within the strategic maintenance programme:
- Construction of fire lobbies (required by the open plan layout).
 - Construction of necessary meeting rooms.
 - Replacing office furniture to enable flexible working.
 - Installing ICT infrastructure and upgrading mobile technology.
 - Constructing disabled and standard toilet facilities (where the increased numbers of staff demand it).
 - Improvements to kitchen areas over and above that delivered by the maintenance programme.

Further details of the overall cost of these elements are shown within Appendix B.

- 7.2 In providing a building that is fit for purpose and accessible by all, there is a need to undertake significant works to the car parks and access to the building. These works are a combination of outstanding maintenance works and improvements to address

current deficiencies in accessibility. The main issues to be addressed are as follows:

- Accessibility requirements to main visitor car park including covered walkways, line painting to indicate segregated zones for pedestrians, cycles and vehicles.
- Wheelchair accessible ramp that meets building control requirements from the visitor car park to the top of the concourse.
- Resurfacing of the main visitor car park.
- Resurfacing access roadways to the upper car park.
- Repairs surfacing to parking space and surface water drainage points.
- Repair footpaths and footpath handrails.
- New lighting to upper car parks and footpaths.
- New signage (all car parks).

7.3 ICT infrastructure in the Tower

7.3.1 The ICT requirements of a remodelled County Hall Tower, with additional work stations in a different configuration from the present, requires essential changes to the ICT infrastructure. In addition, to support a flexible work force, an ICT infrastructure which is capable of supporting a rapidly advancing suite of mobile and video conferencing technologies into the future is desirable.

7.3.2 Assuming that floors are reconfigured to a standard open plan layout with 154 work stations (see 8.2.1 below) it will be necessary to rewire voice and data to each work station, increase the number of phones and data switches, and replace/reposition the ICT equipment room.

8 Reconfiguring office space at County Hall

8.1 At present there are 2,930 staff (2,600 fte) occupying the County Hall campus and the “in scope” accommodation in the Norwich area – Charles House, Carrow House, Lakeside 500, Lawrence House, Vantage House, Bank Plain (Open) and Hooper Lane. In order to accommodate all of these staff at County Hall, it will be necessary to reconfigure space in the Tower to optimise capacity.

8.2 Floor plan for the Tower

8.2.1 A generic open plan floor layout for the tower has been designed which will provide 154 workstations supporting 220 fte on each floor on an average 7 workstations to 10 fte. The use of available space will be maximised by using smaller (1,400mm) desks thereby accommodating 1,224 workstations in the tower for 1,748 fte. Taken together with existing accommodation outside of the tower and elsewhere on the campus, there will be sufficient space to accommodate staff from all of the offices in scope.

8.2.2 The standard layout provides for:

- 154 workstations, including a standard desk and fully adjustable chair to enable multi-use and so that staff Display Screen Equipment health and safety requirements can be met.
- No cellular/individual offices.
- 7 small meeting rooms for 4 people for use by staff on the floor.
- 1 larger meeting room for 16 people.
- Break out areas for non-confidential discussions.
- Areas for 2 Multi Functional Devices (printers) and a post point.
- Grouped lockers for up to 250 staff (these need to cater for a head count number rather than the 220 fte number) – no desk pedestals.
- Storage facilities for ‘live’ files – archived files, stationary etc to be stored centrally and not on each floor. Non standard requirements for storage or

equipment, to meet specific business needs, will be planned and provided for as each floor is occupied.

- A communications room for ICT.
- Cloak facilities.
- Toilets and hand washing facilities to meet building regulations and accessibility requirements.
- Kitchen facilities (including Hydro Boil, microwave, cupboards and fridge) to enable staff to make refreshments.

8.2.3 The standard layout will also

- Simplify and reduce cost of the work to be undertaken by the Contractor.
- Reduce the costs of planning, design and execution.
- Make the best use of the open plan layout.
- Enable greater flexibility for staff movement and organisational flexibility in the future.
- Reduce the costs of any future movements of staff within the building
- Ensures a basic standard upon which special requirements can be built as required.

9 Furniture, Fittings & Equipment

9.1 Office furniture

9.1.1 The optimum density of work stations will require the replacement of existing desks with smaller 1400mm desks. This will mean purchasing new desks for four floors and re-using existing 1400mm desks from Lakeside and Carrow House. This will also provide a more uniform appearance, the feel of a modern office and make it easier for staff to work at any work station. At the same time all chairs need to meet the specification agreed with Health, Safety and Wellbeing. With no single dedicated individual workstations, standard easily adjustable chairs are required to meet the needs of 95% of the staff. This will in turn reduce the likely incidence of work related musculoskeletal injuries and significantly need to store “special” chairs to meet individual workplace assessment needs.

9.1.2 Careful consideration has been given to re-using all existing workstations. With the exception of desks at Carrow House and Lakeside, most of the current desks are 1600mm or 1800mm and “L shaped”. If these were to be re-used then the number of workstations per floor would be reduced from the proposed 154 to approximately 120. Taken over 8 floors this would result in only 960 workstations supporting 1371 fte on a 7:10 ratio. This is insufficient to accommodate the current number of staff from other offices in scope for closure (see 8.1 above).

9.1.3 Wherever possible existing file storage units will be re-used. However, whilst most of the current units are tall tambour cupboards, the need in an open plan environment will be for low level units that do not break the space up or compromise the efficiency of the new heating and air cooling systems. Consequently there will be a need to purchase low level units to meet storage needs within each floor.

9.2 Toilet and hand washing and shower facilities

9.2.1 Present toilet and hand washing facilities do not meet the required ratio for female staff working on each floor. However, as that ratio can be averaged over the Tower as a whole, it may be possible to meet the required ratio by providing additional female toilets on 3 of those floors where it is planned to refurbish the toilets as part of the Maintenance Programme. This would mean that no additional cost will be incurred on those floors where the toilet facilities have already been modernised.

9.2.2 At present there is only one disabled toilet on each floor and in some instances this is inappropriately positioned. Allowance has been made on the floor plan to provide two such toilets on each floor. This reflects the increased capacity on the floor and enables more suitable positioning of facilities. This will help to ensure that the works provide office accommodation which is fit for purpose for the next 25 years both for its own staff and potentially to other users.

9.2.3 Existing showers across the building will be replaced with facilities in a single location. This will improve accessibility and support the green travel plan for the site.

9.3 **Kitchen facilities**

9.3.1 At present there is generally one kitchen available on each floor to enable staff to make refreshments. Allowance has been made to enhance this to reflect the increased capacity on the floors and ensuring that people with a disability are able to make use of the facilities

9.4 **Wi-Fi**

A provisional programme was drawn up previously to introduce Wi-Fi to priority areas across the whole of County Hall so as to meet the increased demand to work flexibly, in a paperless fashion. This would also support partner organisations visiting the building and develop the potential for increased use of tablet technology. Given the work necessary to support the repair programme being undertaken, it would be efficient and economical to align the roll out of Wi-Fi with the County Hall programme. In order to provide a Wi-Fi capacity which will fully support flexible working and sustain a range of possible development it is preferable that the building as a whole is "flooded" with Wi-Fi. Alternatively some cost savings might be possible if Wi-Fi coverage is limited to certain areas in the building, but this may limit future flexibility of how the building is used. It should be noted that the introduction of Wi-Fi will not negate the need for the wired voice and data network described above

10 **Other Works Costs & Funding**

10.1 **Capital**

10.1.1 In addition to the cost of the strategic maintenance programme, there are a number of other elements that are essential to the delivery of the vision of a modern fit for purpose office. Each of these elements has cost implications and the total cost of £4.47m is shown in an overall summary within Appendix B

10.1.2 The following existing sources of capital amounting to £4.47m have been identified to fund the other works:-

- c/fwd Corporate minor works budget 2013/14: £1.72m.
- c/fwd equalities 2013/14: £0.41m.
- Existing unused provision to convert 6th floor: £0.58m.
- Provision from minor works & equalities budget 2013/16: £1.46m.
- Car park maintenance budget: £0.3m.

10.2 **Revenue**

10.2.1 The estimated revenue cost of decanting staff between floors in County Hall, and from other offices in Norwich is £0.33m.

10.2.2 The estimated total project support costs for 2.5fte staff over 3 years is £0.45m

10.2.3 Appendix B provides a full breakdown of latest estimates of the costs of each of the different elements referred to above. This currently shows an overall revenue cost of £0.8m over 3 years. Funding for these costs will be provided through the existing Organisational Change budget.

11 **Summary of Benefits**

11.1 **A building fit for the future**

- Significant maintenance, safety and repair issues will be addressed and resolved.
- The provision of modern fit for purpose flexible office accommodation.
- Delivers an environment that will support improved new ways of working.
- Provides a modern and flexible ICT system.

11.2 **Financial**

- Overall reduction in floor space across the NCC Norwich office estate. This will release savings of approximately £1.57m per annum through the closure of buildings. In addition there will be one off capital receipts from the sale of Carrow House and Hooper Lane which have an asset value of about £1.4m.
- Reduction in maintenance costs as the number of buildings is reduced.
- Staff efficiency savings through the co-location of teams and functions.
- A modern office suitably equipped will be potentially attractive to partner organisations or others to lease should the council's own demand for office space reduce.
- Energy savings of approximately £0.2m per annum.

11.3 **Environmental**

- 25-50% reduction in energy consumption & carbon emissions from more efficient buildings.
- The rationalisation and concentration of office accommodation will contribute to the Council's carbon reduction target.

11.4 **Improved Services**

- Co-location of services sharing administration, support & public access facilities.
- Greater integration of services with improved communications and closer team working within and between services.
- More responsive services with more effective and economical delivery.
- Improvements to access, security and safety for the public and staff using County Hall.
- Less duplication & faster processes.
- Less staff travel time between different offices in Norwich.

11.5 **Employees**

- Better work environment – improve recruitment, retention and employee well-being.
- More flexible working – including where and how work is done.

11.6 **Organisational**

- Flexible and easily adaptable office space as the council reshapes its role and service configurations.
- Future office moves will be easier and cheaper – moving staff rather than furniture and equipment.
- Helping to develop a mind set away from one of territorial ownership of space and assets towards a more collaborative and sharing style.
- More efficient use of technology and different ways of working e.g. fewer print devices will be required on each floor as they are more easily shared and accessible.

12 **Conclusion**

- 12.1 The County Hall maintenance programme provides a unique opportunity to deliver a modern office suite that will be fit for purpose for at least the next 25 years. The Strategic Maintenance element of the programme is very significant and is the driver for providing a much improved building. This in turn provides a good platform for implementing the other changes that are needed. Taken together with other elements and funding streams, the overall programme will maximise the return on the Council's investment delivering significant financial and other benefits.

13 **Resource Implications**

- 13.1 The key resource implications of the County Hall Maintenance Programme are summarised below.

13.2 **Finance**

- 13.2.1 The overall maintenance programme will entail capital expenditure of £31.9m over 25 years. This includes £2.5m of funding relating to the fire safety and security works which will be subject to Cabinet approval.

13.2 **Staff**

- 13.2.2 There will be an impact on staff as the maintenance works will be mainly undertaken during office hours. There will also be some disruption as teams are moved within the building and from offices elsewhere in Norwich. There will also be implications for staff as they move to new and more flexible ways of working. To support this there is an organisational development stream within the work programme that will help teams make the changes needed to fully release the benefits from new ways of working.

13.3 **Property**

- 13.3.1 Completion of the maintenance programme and other works will provide a modern fit for purpose office suite for the next 25 years. This will enable the council to rationalise the use of office accommodation in the Norwich area thereby delivering an important element of the overall office accommodation strategy.

13.4 **Environmental implications**

- 13.4.1 A key objective of the maintenance programme is to improve the energy efficiency of County Hall. This will reduce cost and carbon emissions to help the council achieve its carbon reduction commitment.
- 13.4.2 Where possible construction materials will be reused and the Site Waste Management Plan will address the safe disposal or recycling of wastes resulting from the construction works. For new materials specifications will consider future recycling opportunities.
- 13.4.3 Old office equipment and furniture that can not be re-used will be disposed of in a number of ways. Items that have monetary value will be traded in again the cost of new units. Remaining items will be offered in the first instance to voluntary organisations. Any remaining items will be recycled in an environmentally sensitive manner at no cost to the Council by the furniture supplier.

13.5 **ICT**

- 13.5.1 The ICT implications will be addressed through the Digital Norfolk Ambition (DNA) programme. There is a key dependency on DNA to provide the ICT infrastructure that will support more flexible ways of working.

14 Other Implications

14.1 Equality Impact Assessment (EqIA)

14.1.1 An EqIA has been undertaken which identifies a range of equality issues that will need to be considered as part of the proposal to ensure the building is accessible through the life of the project (25 years). The council's Equality and Cohesion Officer is being consulted as a significant stakeholder in the project to ensure relevant issues are taken into account.

14.2 Health and Safety Implications:

14.2.1 A significant part of the maintenance project provides improvements to health and safety risks that relate to the building; in particular relating to fire, electrical, and environmental comfort. The Health Safety and Well-being Team form part of the consultation process as major stakeholders in the design of all aspects of the building as well as the construction related risks more generally. They are also involved in the design and selection of the internal fit out for the building to ensure preventative measures relating to health risks such as musculoskeletal disorders are taken into account.

14.3 Any Other implications

14.3.1 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

15 Section 17 – Crime and Disorder Act

15.1 Security implications of the changes to the building and in particular the potential changed use of the building, and therefore the potential broader spectrum of visitors and clients are being considered in the design of public areas and the security to employee areas.

16 Action required

1. To consider the scope, timeline, costs and benefits of the County Hall maintenance programme
2. Agree to receiving further up dates on the budget and costs within the 6 monthly progress reports

Officer Contact for this report

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Appendix A: Strategic Maintenance Programme: Project Financial Mapping

Appendix B: County Hall: Other Costs

Background Papers

- Report to Cabinet 9 July 2012: Norwich Office Accommodation – County Hall
- Report to CROSP 3 September 2013: County Hall Maintenance Programme

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:
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If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact Mick Sabec on 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Tower (Ground to Floor 9)

Works Description	Value - R & M - inclusive of fees (£)	Year 1 (2013/14)	Year 2 (2014/15)	Year 3 (2015/16)
Lift/Hoist & Access Scaffolding				
Dry Riser Adjustments				
Asbestos Removals & Disposals				
Internal Demolitions				
Re-Roofing Above Floors 8 & 9				
Security Measures to Staircases & Lift lobbies				
Tower Cladding - (inc Scaffolding)				
Internal Refurbishment Based on Existing Layout (Wall Finishes, Floors, Ceilings, Toilets & Kitchens)				
Strip Out Redundant Plant (Plant Room)				
Mechanical & Electrical Services				
Refurbishment of Stairwells				
Ground Floor & Mezzanine Refurbishment				
Sub-Total - Tower	15,710,000	9,340,000	4,245,000	2,125,000

Other Areas (Lower Ground, Basement, South Wing, North Wing)

Works Description	Value - R & M - inclusive of fees (£)	Year 1 (2013/14)	Year 2 (2014/15)	Year 3 (2015/16)
Office Areas				
Re-Roofing to South Wing (With Solar PV) & North Wing				
Additional Means of Escape to Lower Grd & Bsmt				
Water proofing (Re-Roofing) Works Concourse & Terrace				
Mechanical & Electrical Services				
Window Repairs & Draught Proofing				
Internal Refurbishment Based on Existing Layout (Wall Finishes, Floors, Ceilings, Toilets & Kitchens)				
Asbestos Removals & Disposals				
Faience Repairs / Fencing & Landscaping				
Sub-Total - Other Areas	5,130,000		2,020,000	3,110,000

Works Related To All Areas

Description	Value - R & M - inclusive of fees (£)	Year 1 (2013/14)	Year 2 (2014/15)	Year 3 (2015/16)
Preliminary Investigations, Surveys & Statutory Fees				
Insurance (years 1 to 3)				
Site Set Up				
RGC Preliminaries (29/04/2013 - 28/04/2016)				
Contingencies				
Professional Fees & Services				
Mechanical & Electrical 'Temporary' Works (All Areas)				
Modifications to High Voltage Electrical Systems				
Repoint Brickwork (All Areas)				
Fire Safety Improvement Works (Sprinklers or Other)				
New Fire Alarm (included in M&E packages)				
Reinstatement of Grounds Following Completion of Works (Contractors Compound)				
Sub-Total - Works To All Areas	6,605,000	2,000,000	2,070,000	2,535,000

Total - Works **27,445,000** **11,340,000** **8,335,000** **7,770,000**

Funding Requirements / Sources

Project confirmed budget as cabinet report	22,200,000	9,290,000	6,700,000	6,210,000
Carbon Energy Reduction Fund	2,756,000	1,450,000	535,000	771,000
Fire Measures (awaiting approval of funding)	2,289,000	500,000	1,000,000	789,000
Security Measures (awaiting approval of funding)	200,000	100,000	100,000	
Total - Funding Sources	27,445,000	11,340,000	8,335,000	7,770,000

Appendix B County Hall Other Costs

	<u>Est Cost</u>	2013/14	2014/15	2015/16
Other building & maintenance works				
Tower Floor Layout				
Kitchenettes				
Server rooms, small power & wall finishes (excludes meeting rooms)				
Construction of meeting rooms & doors				
Disabled toilets & additional female toilets				
South Wing: Member & officer accommodation & public meeting rooms				
Reconfiguration - open plan, group rooms & meeting rooms				
Public interview & meeting rooms				
Redesign main reception				
Other Requirements				
Shower facilities, lockers & drying room (replace existing in a single location)				
Automated revolving door to main entrance				
Council Chamber DDA				
Car park repairs & external (DDA) access improvements				
Sub total other building & maintenance works	3,059,500	685,300	1,318,600	1,055,600
ICT infrastructure& equipment				
Cabling 100 Mb option				
Wifi				
Monitor flow arms				
Sub total ICT infrastructure& equipment	763,400	167,000	214,700	381,700
Furniture & equipment				
Equipment to meet Health, Safety & Wellbeing Requirements				
Fully adjustable operator chairs				
Acoustic screens				
Double Lockers				
Office equipment				
Smaller desks (1400mm)				
Low level File Storage units				
Sub total furniture & equipment	645,800	141,300	181,600	322,900
Total Capital cost of other works	4,468,700	993,600	1,714,900	1,760,200

Appendix B County Hall Other Costs

	<u>Est Cost</u>	2013/14	2014/15	2015/16	
CAPITAL FUNDING					
Identified Funding Sources	Funding available				
C/ Fwd Corporate Minor Works Budget provision 2013/14	1,714,700	210,600	677,700	826,400	
C/ Fwd DDA 2013/14	413,000		413,000		
Annual minor works + DDA for 3 years	1,459,000	483,000	489,400	486,600	
County Hall car park maintenance budget	300,000	300,000			
C/Fwd existing 6th floor provision	582,000		134,800	447,200	
	4,468,700	993,600	1,714,900	1,760,200	
REVENUE COSTS					
	<u>Est Cost</u>	2013/14	2014/15	2015/16	2016 onwards
R.1 Decant from County Hall					
Tower office moves	189,000		70,875	118,125	
sub total County Hall decant	189,000		70,875	118,125	
R.2 Decant from Norwich Offices (Excludes dilapidation costs)					
Charles House	20,000			20,000	
Lakeside 500	20,000		20,000		
Vantage House	30,000				30,000
Lawrence House	6,000				6,000
Carrow House	64,000			64,000	
Hooper Lane	2,000			2,000	
sub total outlying offices decant	142,000		20,000	86,000	36,000
R.3 Project Support costs (2.5 FTE for 3 years with 25% on costs)					
	450,000	150,000	150,000	150,000	
Total Revenue cost of other works	781,000	150,000	240,875	354,125	36,000

Service and Financial Planning 2014/17

Report by the Head of Planning, Performance and Partnerships and
Head of Finance

Summary

This paper sets out the financial and planning context for the authority and gives an early indication of what this means for corporate resources.

It highlights specific known impacts of new national policy initiatives which are likely to affect the way the Service carries out its business and plans its future priorities. It sets out proposals for changing service delivery currently being consulted on, along with identified efficiency savings which have been identified by Officers and Members in order to meet the funding gap.

On 2nd September Cabinet agreed the projected funding gap for planning purposes of £189m over the three year period 2014-17. This is based on assumptions for additional cost pressures facing services and a reduction in Government funding taking into consideration the latest information from Department for Communities and Local Government (CLG).

Action Required

Members are asked to consider and comment on the following:

- The revised service and financial planning context
- The revised spending pressures and savings for
- The updated capital bids and announcements relevant to Corporate Resources.

Members are also invited to identify further ideas to achieve additional revenue budget savings and reduction in unsupported borrowing costs in relation to delivering the capital programme.

1. Background

- 1.1. On 19th September the County Council launched the Putting People First consultation about the future focus for Council spending. The context for the consultation is the Council's need to bridge a predicted funding gap over the next three years and a desire to focus council spending on areas that will support or lead to;
- Excellence in education
 - Real jobs – leading to sustainable employment throughout Norfolk
 - Good infrastructure
- 1.2. A report to Cabinet on 2nd September confirmed that the projected funding gap for planning purposes should be increased from £182m to £189m over the three year

period 2014/17 based upon information from the Department of Communities and Local Government (CLG).

- 1.3. This paper updates Panel on the financial and planning assumptions agreed by Cabinet in September and detailed information on the way in which corporate resources will seek to meet these.

2. **Financial prospects**

- 2.1. The context for the County Council's three-year planning was set out by Cabinet in its report in August 2013, when it also confirmed a vision for Norfolk called 'Putting People First' which aims to achieve a better, safer future, based on education, economic success and listening to local communities.

- 2.2. Our financial strategy which underpins these elements is:

- Faster and greater service innovation and transformation helping to squeeze further savings and efficiencies from improved processes. Investing to save where necessary to make this happen
- Continuing to drive down costs across the board
- Rationalising assets and property. Working closely with others to develop and implement new shared arrangements that save money and take account of the wider social and economic impact of any option for change.
- Utilising and releasing land where we can to build new homes (subject to sound business cases)
- Investing in the economy – and by doing so, helping build skills and create real and sustainable jobs.
- Using new technology to help improve services and release savings and take account of changing customer expectations and practice.
- Collaboration with others across the public sector, especially colleagues in the NHS, to achieve the most effective use of public monies and better outcomes for Norfolk people

3. **Revenue Budget**

- 3.1. Our current projection of the overall shortfall is £189m over the three years 2014/17. This is in line with the planning assumptions of additional cost pressures reported to Cabinet in August and the latest forecasts of Government funding reported to Cabinet in September.

Table showing provisional forecast of funding gap for 2014-17			
	Financial Year		
	2014-15	2015-16	2016-17
	£m	£m	£m
Pay award	2.0	2.0	2.0
Inflation	10.0	10.0	10.5
Legislation and other	6.0	4.0	7.5
Demand	11.5	11.5	11.5
Budget decisions	9.0	0.0	0.0
Funding Reduction	28.0	39.0	24.5

Forecast funding gap	66.5	66.5	56.0
Savings in consultation	(64.7)	(41.1)	(34.2)
Assumed use of Council Tax Freeze Grant	(3.0)	(6.0)	6.0
(Headroom) / Shortfall	(1.2)	19.4	27.8

3.2. We have received more information about the additional £2bn monies due to be transferred to local government from health in 2015/16. A Joint Statement issued by the LGA and NHS England on August 7 sets out plans for a total funding pot of £3.8bn nationally to be pooled for health and social care services to promote closer joint working in local areas on a plan agreed between the NHS and local authorities. It is proposed that the pooled fund be called the 'Health and Social Care Integration Transformation Fund.' Work is ongoing to develop in more detail how the pooling arrangement will work and some of the funding will be performance related.

3.3. The total savings outlined in the consultation total £140m and with use of the Council Tax Freeze Grant there is a £46m shortfall to meet the forecast funding gap for 2014-17. Further savings will be required to deliver a balanced budget for 2015-16 and 2016-17 and additional ideas are sought as part of the budget consultation process. Members of this Panel are also requested to provide both views on the current budget proposals and also additional ideas for further potential budget savings.

4. Capital Programme

4.1. To date, there has been no detailed capital allocations for local government in relation to capital spending in 2015-16, however, the Government has set out high level capital spending plans within its Investing in Britain's Future paper. In real terms the Government is expecting to increase capital expenditure nationally by 1.3% in 2015-16, however, this will predominately be focused on specific transport and infrastructure projects. In addition £2billion will be used to create a new Single Local Growth Fund, which will be the responsibility of the Local Enterprise Partnership.

4.2.

Table showing Capital Programme 2014-17			
	Financial Year		
	2014-15	2015-16	2016-17
	£m	£m	£m
Total Capital Programme	122.537	50.472	21.177
Funding of Programme			
Capital receipts	3.000	3.000	.0000
Unsupported borrowing	27.408	25.767	21.177
Specific internal funding	0.456	0.000	0.000
External grants & contributions	91.672	21.705	0.000
Revenue Impact	122.537	50.472	21.177
Interest on borrowing 2013-14 @ 4.75%	1.405		
Interest on borrowing 2014-15		0.682	

@ 5.00%			
Interest on borrowing 2015-16 @ 5.50%			0.523
Minimum Revenue Provision	1.165	0.477	0.263
Revenue impact from previous years borrowing	2.570	1.158	0.786
Cumulative revenue impact	2.570	3.728	4.514

Note 1: The impact of interest and MRP reflect borrowing from the prior year's programme. The figures for 2014 – 15 are based on 2013 – 14 borrowing figures of £39.778m.

Note 2: Unsupported borrowing includes borrowing based on the current projected profile of expenditure on County Hall, for which there is a slight discrepancy with the proposed capital programme.

Note 3: Interest and Minimum Revenue Provision figures do not include the impact of borrowing in the programme to support loans to NCC companies and borrowing supported by the Norfolk Infrastructure Fund. The revenue costs of this borrowing will be met by repayments of the loans and an annual drawdown from the Norfolk Infrastructure Fund respectively.

- 4.3. The use of borrowing has a direct revenue cost and the financial strategy has been to reduce the amount of borrowing undertaken by Norfolk County Council in recent years. As part of the overall budget review, members views are also sought on further ways to reduce unsupported borrowing and therefore bring down the revenue implications of necessary capital spend.
- 4.4. Since 2011-12, Government support for capital funding has been via capital grant the majority of which is not ringfenced. So far, the following indicative future year capital grant announcements have been received.

	2014-15 £m
Highways	28.760
Education	Note 1 below
Community Services	2.292
Fire	1.413

Note 1: On 1 March 2013 a Basic Need capital grant of £32.271m was announced covering two financial years. There will be no further allocation of Basic Need grant for 2014-15. Pro rata, the grant is equivalent to £16.13m for each of 2013-14 and 2014-15.

5. **Putting people first – proposed role and strategy for Norfolk County Council**

- 5.1. The context for the County Council's three year planning was set out by the Leader in his speech August 2013. It confirmed an ambition for Norfolk to be a place where

everyone can succeed and fulfil their potential. Three priority areas to help deliver this were identified:

Excellence in education – We will champion our children and young people’s right to an excellent education, training and preparation for employment because we believe they have the talents and ability to compete with the best.

Real jobs – We will promote employment that offers security, opportunities and a good level of pay. We want real sustainable jobs available throughout Norfolk.

Good infrastructure – We will make Norfolk a place where businesses can succeed and grow. We will promote improvements to our transport and technology infrastructure to make Norfolk a great place to do business.

5.2. **The ways in which we will fulfil these priorities are:**

- Standing up for the interests of people in Norfolk
- Promoting prosperity by championing the best practices, ideas and innovation for local economic success
- Working to increase life opportunities so that everyone can fulfil their potential
- Listening to and learning from our communities so local solutions can improve the quality of life
- Ensuring people get high quality services and clear information about them
- Improving the effectiveness of the Council by being more open and getting a bigger input from your local representatives.

5.3. **Timetable**

Activity/Milestone	Time frame
Consultation on specific planning proposals and council tax 2014-17	Late September to December 2013
Overview and Scrutiny Panels reporting – service and budget planning – review of progress against three year plan and planning options	November 2013
Chancellor’s Autumn Statement and Provisional Finance Settlement	December 2013
Overview and Scrutiny Panels input on service and financial planning and consultation feedback	January 2014
Cabinet agree revenue budget and capital programme recommendations to County Council	27 January 2014
County Council agree County Council Plan, revenue budget, capital programme and level of Council Tax	17 February 2014

6. **Service specific context**

6.1. A shared services model of operation has been in place for just over two years and includes Finance; Procurement, HR; Communications and Customer Services; ICT and Information Management; Planning, Performance and Partnerships; Democratic

Services; the Corporate Programme Office; and nplaw. The service is currently on track to deliver three years savings of £6.8m up to 2013/14 through the Norfolk Forward programme.

- 6.2. Corporate Resources is a critical enabler of savings across the Council. For example the renegotiation of contracts and introduction of new processes for how we buy things, led by the procurement service, will lead to significant savings across all departments. Similarly HR has a leading role in supporting all staff restructuring and the introduction of improved ICT infrastructure will enable all staff to be more productive.
- 6.3. In meeting the funding gap over 2014-17 the department therefore faces a dual challenge of transforming the way the organisation works and providing effective support to frontline services, whilst also meeting challenging savings targets.
- 6.4. The following covers the main priorities for Corporate Resources that form the basis of service planning and budget proposals for 2014/17. There is a need to:
- Provide responsive and agile functions for frontline services
 - Deliver corporate governance arrangements that support democratic accountability
 - Support the development and implementation of key council-wide strategies
 - Ensure the council achieves the best possible value through consistent approaches and economies of scale in key business processes
 - Deliver competitive services as a supplier of choice services for Norfolk

7. **Specific proposals for this service**

- 7.1. There are two proposals out to public consultation specific to Corporate Resources, shown in Appendix A. In addition a number of efficiencies have been identified which will contribute towards overall savings.
- 7.2. When developing potential options consideration was given to what services could be conducted by the third tier and voluntary services and the community as well as identifying services that we are not statutorily obliged to provide. Proposals have been assessed according to the impact and risk to the public.
- 7.3. The consultation does not contain any proposals that involve ceasing service delivery.
- 7.5. The following proposal involves a reduction in service:
- 7.6. Proposal 57: Reduce funding to organisations that support and represent the local voluntary sector. This means we will reduce the support we currently provide to cover the core running costs of some organisations which support and provide a voice for smaller voluntary sector groups. We will not stop our funding entirely, and will work with them to establish a more transparent and sustainable approach to funding these groups in the future.
- 7.7. The following proposal involves different ways of delivering some of our services:

- 7.8. Proposal 58: Move the historical registration records to the Norfolk Record Office. This means we would move all historical records, including birth and death certificates, to one central point in the county – the Norfolk Record Office, which is situated in Norwich.
- 7.9. We are also considering the following areas of efficiency in relation to the service.
- 7.10. Proposal 1: Changing the systems and arrangements we use to buy things. Some key changes to arrangements within our procurement service, including better use of e-tendering, automated document preparation and improved data management, and reductions in management and staff.
- 7.11. Proposal 2: Make use of newer and cheaper ICT systems and practices. This includes implementing Digital Norfolk Ambition and the replacement and redesign of the Council's overall ICT infrastructure. It includes the renegotiation of contracts for telephone use and internet, electrical testing and stationery.
- 7.12. Proposal 7: Improve our internal financial planning arrangements. This means that we will improve the way we move money around the Council, and how we use under-spent budgets or money set aside for contingencies.
- 7.13. Proposal 8: Reviewing management, staffing and accommodation arrangements. This means that we will review services with a view to rationalising the number of managers, staff and resources required to support, provide or commission services. This includes managing vacant posts, reducing temporary and intern staff and creating the managing Director role. It also includes reviewing the accommodation requirements of services to reduce the amount of buildings we use, and sharing buildings to minimise costs and make energy savings. We will be reviewing and scaling business support services to match the shrinking size of the Council.
- 7.14. Proposal 9: Reduce training, subscriptions, events and other areas of spending that don't directly support services. We will only provide training and organisational development support for staff where it is critical to the running of the Council.
- 7.15. Proposal 10: Make our systems and processes smarter and more efficient. This means we will make our process for managing information and staff as efficient and straightforward as possible. It includes a reduction in our postage spend, and the increased use of digital media for marketing instead of printed material.
- 7.16. Proposal 11: Make better use of the information we have about Norfolk and its citizens. This includes the development of a new Business Intelligence Service that will help services and commissioners provide the right services to the right people at the right time.
- 7.17. Proposal 15: Use Public Health skills and resources to improve the way the Council promotes people's health, wellbeing and independence. This includes merging and reshaping resources to reflect new opportunities.
- 7.18. Proposal 20: Make more income from chargeable services. Income will come from a range of sources including selling our communications services and increasing nplaw's external income from trading.

8. **Capital programme**

- 8.1. The proposed capital programme is shown in Appendix B. As in previous years it is proposed that Government allocation of capital grant will be earmarked to the services for which the grant has been made.
- 8.2. In accordance with the Capital Strategy, departments have submitted bids for corporate capital funding or prudential borrowing to the Corporate Capital and Asset Management Group (CCAMG). These bids relate in the main to schemes or services for which Government support is not available but which are nevertheless considered to be a priority.
- 8.3. CCAMG has reviewed new bids and consider them appropriate for consideration by this Panel. Schemes, relevant to this Panel are shown in Appendix B. In addition long term bids considered in previous years or subsequently approved covering 2014-15 have been brought forward. As Government makes new announcements of capital grant for 2014-15, sources of funding for schemes will be re-assessed to ensure the most cost effective use of capital funding. Any changes to the submitted bids or the identification of alternative funding sources may reduce the need for prudential borrowing proposed. Cabinet will consider the bids on 27 January 2014, alongside revenue requirements and the level of funding that can be made available to fund the bids, and will recommend to Council which bids are included in the capital programme.

9. **Resource Implications**

- 9.1. **Finance** : Financial implications are covered throughout this report
- 9.2. **Staff** : Staffing implications are being identified as part of the organisational review programme
- 9.3. **Property** : Property implications will be reviewed as part of the overall assessment for individual proposals
- 9.4. **IT** : IT implications will be reviewed as part of the overall assessment for individual proposals

10. **Other Implications**

- 10.1. **Legal Implications** : Legal implications have been reviewed as part of the overall assessment for individual proposals prior to consultation. Continued assessment of legal implications in relation to all proposals will be on going throughout the process.
- 10.2. **Human Rights** : Human Rights implications are being assessed on an individual budget proposal basis as part of the Equality Impact Assessment process.
- 10.3. **Equality Impact Assessment (EqIA)** :
- 10.4. Under the Equality Act 2010, public bodies must in exercise of their public functions have due regard to:
- Eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - Advancing equality of opportunity between people from different groups

- Fostering good relationships between people from different groups

Protected characteristics are disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

It is up to public bodies how they go about implementing the duty, however they must be able to provide evidence upon request that due regard has genuinely been paid.

Individual Equality Impact Assessments are being undertaken for all of the Council's budget proposals that potentially have an impact on identified groups with protected characteristics. This process includes engagement with relevant groups, which will form a core part of the evidence used to prepare the assessments.

At the time of writing this report, the consultation is still on-going. Findings will be brought to the Panel in January.

A full equality impact assessment report will be published alongside the Cabinet budget papers for 27 January. This is consistent with legislation and will allow Cabinet Members sufficient time to inspect each proposal's equality impact assessment (along with all the other relevant evidence), prior to the Cabinet meeting on 27 January 2014 to agree the recommendations to Full Council on 17 February 2014.

The Equality Impact Assessment process is being overseen by the Strategic Equality Group. This is a Member and officer group that provides leadership on equality for Norfolk County Council.

Where the Council identifies potential adverse impacts on protected groups, it must consider whether to go ahead with the proposal and whether any amendment can be made to promote equality and tackling disadvantage for the protected group affected.

10.5. **Communications :**

The Authority has taken a number of steps to inform people about its ambition and priorities, the financial context it faces, the approach it is taking to manage within it and the specific savings proposals on which it welcomes views. We are also actively encouraging people to engage with the consultation process and make their views and ideas known, We have also publicised clearly the factors the council will take into account before coming to any decisions.

The public consultation started on the 19th September and will close on Thursday 12 December 2013.

We have used the print, broadcast and online media to publicise the consultation, we have also written to many principal partners and stakeholders, including Norfolk's town and parish councils and principal voluntary organisations, telling them about the consultation and how to get engaged. People who have no access to the internet are able to receive a printed copy of our proposals via a call to our customer

service centre and we are also publicising that widely. The consultation document has been available in alternative formats on request.

We have a dedicated website and are enabling people to give their views online, in writing, by post, by email or via social media (Twitter).

In addition, the latest edition of Your Norfolk (delivered to every home in Norfolk) gives information about the issues and lets people know how to make their views known.

We have also arranged a series of face to face meetings with different groups to get their views and give them an opportunity to hear more, and ask questions or seek clarification where necessary, to help them ensure their members understand what is being proposed and can make informed responses.

Clients of social care who may be directly affected by some of the proposals have also been written to individually. We have also taken some extra steps to engage with underrepresented groups such as older people, disabled people, young people, people with learning difficulties, carers, people from Black Asian and minority ethnic backgrounds and the LGBT community.

10.6 **Health and Safety Implications :**

Health and Safety implications will be reviewed as part of the overall assessment for individual proposals

10.7 **Environmental Implications :**

Environmental implications will be reviewed as part of the overall assessment for individual proposals

10.8 **Any other implications :** Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

11. **Section 17 – Crime and Disorder Act**

11.1 Issues in relation to the Crime and Disorder Act will be reviewed as part of the overall assessment for individual proposals.

12. **Risk Implications/Assessment**

12.1 The main risks and issues associated with these proposals have been highlighted in Section 5. However, given the scale of potential change associated with the budget proposals, there are a series of risks which are generic to all services, and against which each individual proposal is being evaluated. These are:

Service performance: the risk that the scale of change will impact on performance and on user satisfaction with services

Staffing: the risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected

Capacity for change: the proposals require significant transformation and change to services, and there is a risk that there will be insufficient capacity to re-design services and implement new ways of working.

Increasing demand: there is a risk that where preventative services are being scaled back, that there may – in future – be an increased risk in demand, as people’s needs become more pressing.

13. Action Required

- 13.1 Members are asked to consider and comment on the following:
- (i) The revised service and financial planning context
 - (ii) The revised spending pressures and savings for Corporate Resources
 - (iii) The updated capital bids and announcements relevant to Corporate Resources
- 13.2 Members are also invited to identify further ideas to achieve additional revenue budget savings and reduction in unsupported borrowing costs in relation to delivering the capital programme.

Background Papers

Service and Financial Planning 2014-17 papers – Cabinet (5 August and 2 September)

Officer Contact

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

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

APPENDIX A

Proposed Budget Changes for 2014-17

RESOURCES

		2014-15	2015-16	2016-17
	ADDITIONAL COSTS	£m	£m	£m
	Economy			
	Basic Inflation - Pay (1% for 14-17)	0.447	0.452	0.456
	Basic Inflation - Prices (General 2%, School and social care passenger transport 4%)	0.161	0.164	0.167
	Additional cost pressure identified since £189M funding gap			
	Additional Political assistant	0.038		
	Total Additional Costs	0.646	0.616	0.623
Ref	BUDGET SAVINGS			
1	Restructure staff management in Procurement			0.050
1	Reduce staff in Procurement by introducing e-tendering	0.036		
1	Reduce staff in Procurement by introducing automated document assembly		0.050	
1	Continued efficiencies in tendering and contract management in Procurement			0.083
2	Savings in ICT (one off)	0.010	(0.010)	
2	Replace current ICT systems, introducing cheaper solutions	0.017		
2	Redesign and replace ICT infrastructure and services, including implementing the Digital Norfolk Ambition programme	0.657	0.954	2.273
7	Take out areas of underspend from the Procurement budget	0.079		
7	One off use of the customer services development reserve	0.122	-0.122	
8	Stop using temporary staff in Procurement	0.012		
8	Restructure and reduce the number of corporate and business support staff in Democratic Services	0.065		
8	Introduce a new staffing structure for the Registration Service	0.050		
8	Restructure and reduce staff supporting democratic processes	0.070		
8	End the intern scheme in Customer Services and Communications	0.026		
8	Do not fill vacant posts in the Customer Services and Communications team	0.100		
8	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	0.173	0.009	0.042
8	Reduce staff in the Corporate Programme Office	0.100	0.100	
8	Reduce staff in the HR Reward team	0.061	0.018	0.018

8	Reduce staff in the HR Strategy team	0.062		
8	Reduce staff in the Health, Safety and Wellbeing team in HR	0.066		
8	Restructure and reduce staff across HR	0.176	0.296	0.308
8	Restructure and reduce staff in ICT Services	1.500		
8	Review and reshape the responsibilities of the Chief Executive's role	0.031		
8	Reduce the cost of providing a Coroners Service	0.055		
8	Reduce spend on properties with 3rd parties	0.300	0.200	0.100
8	Office moves for some HR teams	0.015	0.015	
8	Cross cutting proposal - review support services	1.000	0.000	0.000
9	Reduce controllable spend (eg training & subscriptions) in Customer Services and Communications	0.056		
9	Reduce staff supporting organisational development and learning and development	0.094	0.039	
9	Reduce controllable spend (eg training & subscriptions) in HR	0.116		
9	Reduce spend on attendance at the Royal Norfolk Show	0.028		
9	Spend less on organisational development and learning and development	0.065		
10	Restructure the Corporate Resources department to reflect a smaller council	0.042	0.400	
10	Reduce staff in Finance by increasing use of technology and changing business processes	0.800	0.160	
10	Reduce spend on postage	0.048		
10	Reduce printed marketing materials	0.054		0.054
11	Percentage staff saving from integration of customer insight into new corporate business intelligence function	0.005		
11	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	0.275	0.188	0.115
20	Increase charges for Registration Services	0.080	0.050	0.050
20	Increase income from services we sell to schools	0.018		
20	Increase income from Nplaw	0.311	0.356	0.407
57	Reduce funding to organisations that support and represent the local voluntary sector	0.045		
58	Move the historical registration records to the Norfolk Record Office		0.050	
	Putting People First proposals sub total	6.820	2.753	3.500
	Other savings proposals [if any emerging savings]			
	Other savings sub total	0.000	0.000	0.000

	Total Savings	6.820	2.753	3.500
	NET BUDGET CHANGE	(6.174)	(2.137)	(2.877)

The following are cross cutting savings proposals which have not yet been allocated to a Department but are expected to have a partial impact on service budgets relevant to this Panel

		2014-15	2015-16	2016-17
		£m	£m	£m
Ref	CROSS CUTTING BUDGET SAVINGS			
1	Mobile Data Management (MDM) project	0.030	0.000	0.000
2	Make use of newer and cheaper ICT systems and practices through reprocurement	1.055	2.510	0.000
4	Reducing costs of business travel	0.330	0.300	0.275
4	Consolidate staff and expertise in fleet management	0.200	0.100	0.000
4	Savings related to purchasing fuel	0.168	0.005	0.000
4	Lease car scheme savings	0.061	0.000	0.000
4	Further review of associated employment costs	0.000	0.440	0.860
8	Reduced cost of commercial and industrial waste produced by NCC premises	0.037	0.000	0.000
10	Cross cutting improvements to ways of working	1.500	0.000	0.000
15	Efficiency savings arising from utilising public health skills and resources to remove duplication	1.205	0.000	1.275
20	Improving public safety offer as part of existing services to LA maintained schools and academies	0.005	0.008	0.008
20	Sponsorship of public safety activity	0.005	0.005	0.005

Proposed Budget Changes for 2014-17

FINANCE GENERAL

		2014-15	2015-16	2016-17
	ADDITIONAL COSTS	£m	£m	£m
	Economy			
	Basic Inflation - Pay (1% for 14-17)	0.005	0.005	0.005
	Basic Inflation - Prices (General 2%, School and social care passenger transport 4%)	0.208	0.212	0.215
	Additional annual 0.5% contribution to Pensions	1.171	1.278	1.400
	Forecast industry insurance increase	0.500		
	Government Policy			
	National single tier pension			3.300
	Funding reductions	25.121	38.960	24.500
	Carbon Reduction Commitment			
	District Councils - council tax support	(0.360)		
	One-off Transitional grant	1.235		
	One-off grant - Efficiency/New Homes	1.559		
	New Homes Bonus		1.300	
	NCC Policy			
	Contingency	3.000	3.000	3.000
	Icelandic Banks Reserve	3.500		
	Car Leasing Reserve	0.750		
	12-13 Underspend	0.272		
	One-off expenditure	(1.398)	(0.145)	
	One-off - Community Construction Fund	(1.000)		
	One-off - Strong and Well (capital element)	(0.500)		
	2013/14 CT Freeze Grant	3.478		
	One-off Highways Maintenance	(2.000)		
	Additional revenue costs as a result of borrowing	1.500	0.500	0.500
	Total Additional Costs	37.041	45.110	32.920
Ref	BUDGET SAVINGS			
	New Homes Bonus	0.700	0.700	0.600
	Putting People First proposals sub total	0.700	0.700	0.600
	Other savings proposals [if any emerging savings]			
	Other savings sub total	0.000	0.000	0.000
	Total Savings	0.700	0.700	0.600
	NET BUDGET CHANGE	36.341	44.410	32.320

Appendix B

Capital bids and previously approved schemes to be funded from borrowing and unallocated capital receipts 2014-2017 (as at 15 October 2013)

Service	Scheme	2014-15	2015-16	2016-17
		£m	£m	£m
New bids considered by CCAMG September 2013				
Resources	County Hall security and fire safety measures	1.490	1.000	
Resources	Equality Act 2010 Works			0.130
Resources	Corporate Minor Works (CMW)			0.600
ETD	Dual Carriageway NDR including Postwick Hub, future year's funding		9.500	20.000
Sub-total new items		1.490	10.500	20.730
Items funded from borrowing included in on-going 2013-16 capital programme				
Resources	Equality Act 2010 Works	0.130	0.130	
Resources	Corporate Minor Works (CMW)	0.600	0.600	
Resources	Carbon and energy reduction fund	1.100		
Resources	Asbestos Survey & Removal	0.620		
Resources	Better Broadband (excluding externally funded element)	3.011	11.197	
Resources	Investment fund for Norfolk Energy Futures Ltd	3.600		
Resources	County Hall strategic maintenance	7.125	4.575	
ETD	Dual Carriageway NDR including Postwick Hub	7.654		
Items re-profiled from earlier capital programmes				

ETD	Drainage improvements	1.656			9
Community Services	Libraries Refurbishment	0.200			10
Fire and Rescue	Fire Training Building	0.100			9
Children's services	Schools construction	0.034			9
Sub-total existing		25.830	16.502		
Total		27.320	27.002	20.730	

Notes

- 1) County Hall security and fire safety measures: costs subject to confirmation.
- 2) Equality Act 2010: Historically £0.13m per annum has proved sufficient in this fund, with the need likely to continue hence the estimate for 2016-17. Allocations are proposed on a rolling three year cycle but subject to annual approval.
- 3) CMW: After adjusting for asset disposals, £0.6m per annum has proved sufficient in this fund, with the need likely to continue hence the estimate for 2016-17. Allocations are proposed on a rolling three year cycle but subject to annual approval.
- 4) CERF: 2014/15 is the final year of the existing CERF bid.
- 5) Better Broadband bid: endorsed by Cabinet in July 2011. The amounts included above represent the element of the bid to be funded by prudential borrowing. The borrowing costs will be funded by the Norfolk Infrastructure Fund and savings in the ICT Services budget when the council's data contract is re-let in 2014.
- 6) NEFL: an "investment fund" to be allocated to projects as opportunities arise.
- 7) County Hall strategic maintenance: originally introduced in Cabinet report 9 July 2012 with the project amended such that expenditure originally forecast to be spent over the 22 years from April 2015 has been accelerated to the second and third years of the project, and further elements have been added to the overall project. The figures in the table above represent only amounts in addition to funds previously approved or allocated. Total costs and borrowing requirements will be finalised based on detailed proposals being reported separately to this committee.
- 8) NCC corporate funding for Dual Carriageway NDR includes Postwick Hub, and capital implications of the Airport Radar System as discussed by Cabinet on 3 September 2013. In addition to the above, further capital expenditure to be funded by borrowing is forecast to be £17.28m in 2017-18 and £0.650 in later years. The NCC contribution is supported by GNDP funding of £40m over the period 2014-15 to 2017-18. The figures in the table above do not include elements of the project funded from CIF and from reserves.
- 9) Expenditure re-profiled from earlier capital programmes.
- 10) Project funded by a revenue contribution from the service. This contribution was used to reduce the Authority's previous year's borrowing requirement and therefore the project will be funded through future borrowing.
- 11) Strong and Well partnership: Cabinet report 28 January 2013, allocated £0.5m capital per annum for 5 years for prevention services for vulnerable older people. Funding was identified for the first year, but not for subsequent years. In line with the revenue budget proposals, the programme from 2014-15 has been withdrawn.

2013/14 Resources Integrated Performance, Finance and Risk Monitoring Report

Report by Head of Planning, Performance and Partnerships and Head of Finance

Executive Summary

This report provides an update on performance, finance and risk monitoring for services within Corporate Resources. It covers the period April to September 2013 (Quarters 1 and 2) and presents information on managing change, service performance, managing resources and improved outcomes for Norfolk people. Information on the dashboard (Appendix 1) has been reformatted and expanded to include the latest information at the time of reporting and the previous four quarters on a rolling basis, to show the performance trend for each measure at a glance.

Performance

Key measures that are meeting targets:

- The current change programme is currently on track to deliver £14.44m in its third year. Work has started to develop a Norfolk Putting People First programme which brings together all the activities currently underway, the proposals being taken forward for the 2014-17 budget and other planned activity.
- Corporate Resources are on track to deliver £2.2m cashable efficiency savings in 2013/14.
- We continue to make progress with the Council's strategy to reduce water consumption by 15% by 2017.
- Non-reportable health and safety incidents fell by 5.3% in 2012/13 whilst the number of incidents that resulted in injury lasting for more than 3 days stayed at 53.
- Use of the temporary staff register has increased, which reflects the Council being a more flexible organisation in terms of resource management.
- We continue to provide support to managers around their role in employee engagement and equipping them to perform this aspect of their job as high levels of engagement (and morale) underpins employee performance.

Key measures that are an area for focus:

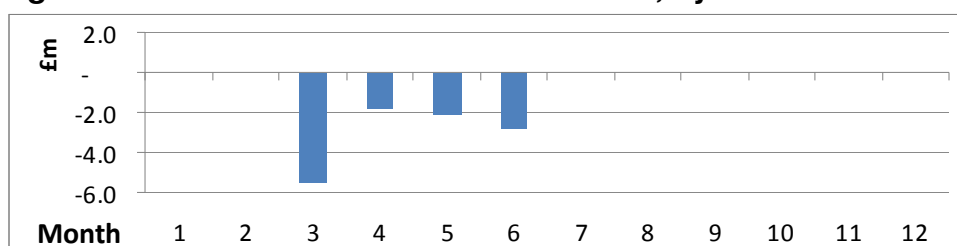
- Current projections are that the County Council will achieve £16.451m of cashable efficiency savings in 2013/14, just £0.008m below the £16.459m target. This is due to changes in the predicted efficiency savings within Children's Services.
- Sickness absence levels for both the whole council and the Resources department are currently better than performance at this time last year. A review of support mechanisms to manage sickness absence is underway.
- Reducing the council's carbon footprint. Between April 2012 and March 2013 there was an increase in energy consumption and the Council's carbon footprint, having a negative effect on the previous good performance. Compared to the 2008-09 baseline the total carbon footprint now sits at 10.6% below the starting point (previously 17% below at the end of 2011/12). Going forward, we have now to reduce our carbon by a further 14.4% - the equivalent of 13,673 tonnes if we are to meet the target by March 2014. Achieving this will be a challenge within one year.
- Reported hate incidents have increased since 2011/12 whilst there has been a

decrease in recorded hate crime. This reflects the impact of a major multi agency campaign launched in February 2012 to highlight what constitutes a hate incident and how to report it in an attempt to reduce escalation to 'crime'.

Revenue Budget

- The overall revenue budget for this panel was -£598.147m at the end of September 2013, against which there was a forecast net underspend of -£2.780m. The graph below shows the month by month trend.

Figure 1: Forecast revenue outturn 2013-14, by month



Against the overall County Council revenue budget, there was a forecast net underspend of -£1.650m at the end of August.

Reserves and Provisions

- The combined earmarked balances for this panel are forecast to decrease from £55.614m to £48.966m at the end of March 2014. The Council's reserves and provisions (excluding schools) are forecast to total £94.276m at the 31st March 2014. All of these reserves are earmarked for specific purposes. In addition, the Council is required to hold a reserve which is not earmarked (General Balances). The current level of this reserve is £20.811m.

Capital Budget

- The overall capital budget for this panel was £20.879m at the end of September 2013. At present, no slippage or underspend is forecast. The Council's total capital programme was £191.458m, against which there was an underspend of -£0.387m forecast at the end of August.

Risks

- The Resources risk register has been updated. A summary is attached at Appendix 2 and the full Resources risk register can be found at Appendix 3. Four risks have Amber prospects. Risks are being well managed.

Action Required

Members are asked to note progress and to consider whether any aspects contained within this report should be identified for further scrutiny. Members are invited to comment on the updated risk register and suggest any further actions.

1. Background

- 1.1 Norfolk County Council's performance framework provides a broad assessment of organisational performance covering four themes:

- Managing change
- Managing resources
- Quality and Performance of Services
- Outcomes for Norfolk People

- 1.2 It places greater emphasis on efficiency and value for money measures, and the need to balance the demanding change agenda with continuing to deliver high quality essential services as effectively as possible.
- 1.3 A dashboard providing an at-a-glance summary of key performance indicators monitored by the Corporate Resources Overview and Scrutiny Panel is attached as Appendix 1 to this report. Information on the dashboard has been expanded to include the previous four quarters on a rolling basis, to show the performance trend for each measure.

2. Managing change

Norfolk Forward

- 2.1 This is the final year of the existing change programme, which was established to deliver the outcomes agreed in the Big Conversation. It is currently on track to deliver £14.44m in its third year.
- 2.2 The strategy for change has four elements:
- **Making efficiencies and streamlining the council** - cut council running costs and working with other public services to save money
 - **Redesigning services** - radically transforming some of our services to enable them to take advantage of technological advances and changing ways of working
 - **Scaling back the scope and volume of some services** - fewer priorities, stopping providing some services we do not have to provide and that we believe are lower priorities for spending when times are tough
 - **Smaller council – bigger communities** - supporting local communities to help themselves more
- 2.3 This report reviews the progress of those programmes that are within the remit of the Corporate Resources Overview and Scrutiny Panel. Of the four programmes, three continue to be rated Amber and one Green, reflecting no change since the last report. The overall status of the Norfolk Forward programme remains at Amber primarily due to timescales and some concerns around resource and budget.

Overall assessment of Norfolk Forward Programme status (Q2 2013/14):					AMBER
Dashboard Assessment by Programme					
Programme	Overall	Timescales	Benefits	Budget	Resources
Shared Services T&E	AMBER	AMBER	GREEN	GREEN	GREEN
Norfolk Work Style	AMBER	GREEN	GREEN	GREEN	AMBER
Income Generation	GREEN	GREEN	GREEN	GREEN	GREEN
County Hall	AMBER	AMBER	AMBER	AMBER	GREEN

- 2.4 Recent notable milestones and deliverables include:
- Shared Services: Successful move of invoicing processing from the localities to the centralised Finance Exchequer. The new print to post service has achieved savings of about £9k so far this year.

- Norfolk Workstyle: Completion of staff moves including reoccupation of the second floor in the North Wing – which has adopted more flexible ways of working including hot desking
- Income generation: At its October meeting CROSP received an update on the aims and general strategy of Norfolk County Council’s approach to income generation opportunities, including maximising income from the use of resources and buildings. A range of income sources are being explored in areas such as Traded Services, property development, renewable energy, advertising and sponsorship and EU Funding opportunities.
- County Hall: This programme brings together the building maintenance and activities required to complete the re-development of County Hall. An update on progress is contained within a separate paper on today’s agenda.

Transition to ‘Norfolk Putting People First’

2.5 Work is currently underway to develop a single change programme, bringing together all the activities currently underway, the proposals being taken forward as part of the 2014-17 budget and other planned activity, under a Norfolk Putting People First programme with refreshed governance arrangements and tracking and reporting processes to deliver strategic priorities.

3. Managing our resources

Managing the budget

3.1 This Panel is responsible for monitoring the capital budgets, revenue budgets and provisions and reserves for Shared Services, Public Health and the corporate budgets in Finance General.

Revenue Budget

3.2 Chief Officers monitor their cash limited budgets throughout the year and report the position to the Head of Finance. 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. The overall approved revenue budget for this panel was £-598.147m at the end of September 2013. There is a forecast net underspending of -£2.780m against this.

3.3 Details of the overall budget and the forecast outturn are shown in the table below.

Division of service	Approved budget £m	Forecast Outturn £m	Forecast +Over/- Underspend £m	Forecast +Over/ Underspend as % of budget	Variance in outturn since last report £m
Resources:					
Coroners, Elections & Registrars	1.532	1.532	0.000	0.00%	0.000
Democratic & Legal Services	1.326	1.325	-0.001	0.00%	0.000
Human Resources Shared Service	5.833	5.833	0.000	0.00%	0.000

Chief Executive	0.406	0.406	0.000	0.00%	0.000
Programme Management Office	0.990	1.098	0.108	0.22%	0.000
Planning, Performance & Partnerships	2.295	2.295	0.000	0.00%	0.000
Customer Service & Communications	5.414	5.414	0.000	0.00%	0.000
ICT Services	17.843	17.843	0.000	0.00%	0.000
Finance	7.928	7.928	0.000	0.00%	0.000
Procurement	1.660	1.660	0.000	0.00%	0.000
Property Services	3.053	3.053	0.000	0.00%	0.000
County Farms	0.027	0.027	0.000	0.00%	0.000
Public Health	0.006	0.006	0.000	0.00%	0.000
Sub-total:	48.326	48.433	0.107	0.22%	0.000
Finance General:					
Norse	-0.625	-0.625	0.000	0.00%	0.000
Net interest receivable & payable	30.976	27.616	-3.360	-0.52%	-0.440
Members Allowances	1.314	1.114	-0.200	-0.03%	-0.200
Land Drainage & EIFCA precept	1.260	1.260	0.000	0.00%	0.000
Capital Accounting adjustments	-45.774	-47.014	-1.240	-0.19%	0.000
Pension Fund Deficit Payment	6.346	6.346	0.000	0.00%	0.000
Organisational Review	5.197	5.197	0.000	0.00%	0.000
Specific Government Grant Income	-4.859	-7.146	-2.287	-0.35%	0.000
Other miscellaneous	1.329	5.529	4.200	0.65%	0.000
General Government Funding, RSG, Precept & NDR income	-641.637	-641.637	0.000	0.00%	0.000
Sub-total	-646.473	-649.360	-2.887	-0.44%	-0.640
Overall Total:	-598.147	-600.927	-2.780	-0.46%	-0.640

3.4 Details of the variances relating to the overall net underspending of -£2.780m are shown in the tables below.

Resources £0.107m overspend (budget £48.326m)				
Area of budget	Forecast Variance		Variance as % of approved budget	Reasons for variance
	Total £m	Movement £m		
Democratic & Legal Services	-0.001	-0.001	0.00%	Savings on Complaints Advocacy.
Programme Management Office	0.108	0.108	0.22%	Additional forecast costs of County Hall decant.
Total	0.000	0.000	0.22%	

Finance General -£2.887m underspend (budget -£646.473m)				
Area of budget	Forecast Variance		Variance as % of approved budget	Reasons for variance
	Total £m	Movement £m		
Interest receivable/payable	-3.360	-0.440	-0.52%	The deferral of borrowing has reduced borrowing costs resulting in a net interest saving, offsetting the lower interest earned on investments.
Members Allowances	-0.200	-0.200	-0.03%	Savings on basic and special responsibility allowances and on travel allowances.
Capital accounting adjustments	-1.240	0.000	-0.19%	Saving on a revised debt repayment calculation due to slippage in the 2012-13 capital programme after the 2013-14 budget was approved.
Specific Government Grant Income	-2.287	0.000	-0.35%	Government refund of 2012-13 amount deducted from formula grant for schools converting to academies.
Other miscellaneous	4.200	0.000	0.65%	Investment in frontline Children's Services approved by Cabinet on 5 th August 2013.
Total	-2.887	-0.640	-0.44%	

Icelandic Banks

3.5 The Administrators of Kaupthing Singer & Friedlander (Ernst & Young) are due to issue their latest 6 monthly progress report in October/November 2013.

- 3.6 Landsbanki and Glitnir banks are subject to Icelandic administration. A fourth distribution was received from Landsbanki on 12th September 2013 totalling £0.797m. Distributions made have been received in various foreign currencies and converted to Sterling on the day of receipt.
- 3.7 The Icelandic Krona (ISK) element of these distributions is subject to currency restrictions imposed by the Icelandic Government. The Local Government Association and Bevan Brittan (the appointed lawyers) are currently working on making these funds available to us at the earliest possible date. These funds now total £1.729m (£1.607m from Glitnir and £0.122m from Landsbanki) and are held in third party escrow accounts in Iceland earning interest.
- 3.8 Realised foreign exchange losses currently total £0.431m.
- 3.9 The recovery process continues to be monitored by the Treasury Management Panel. The cost of litigation has been shared on a pro-rata basis between local authority creditors. The Council's total contribution up to the 31st March 2014 is estimated to be £0.212m (£0.011m in 2013-14). The latest projected cash recovery from all 3 banks is £32.376m against our claim of £34.251m.

Figure 2: Icelandic Bank Recovery

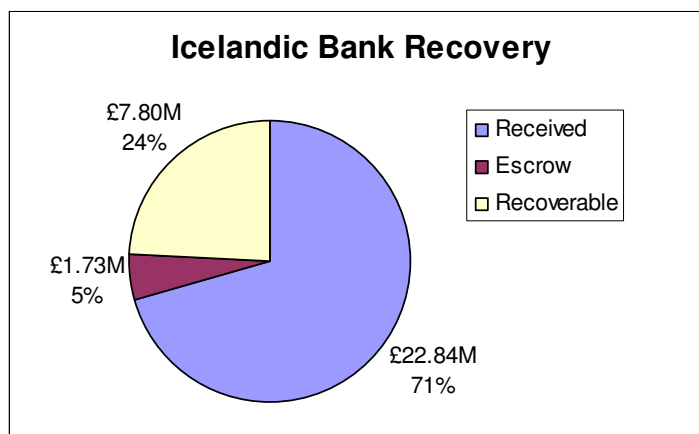
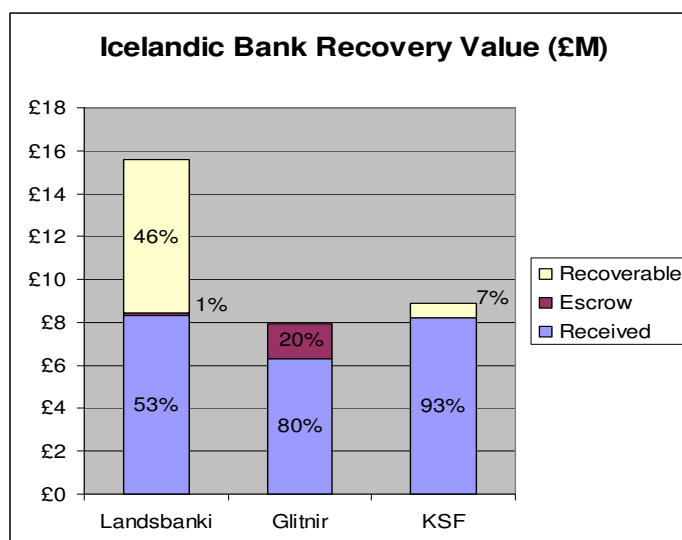


Figure 3: Icelandic Bank Recovery Value (£M)



Capital programme

- 3.10 The capital programme, unlike the revenue budget, is monitored over the life of the schemes rather than a single year. This reflects the life of the projects and their funding and,

the financial consequences of the programme and, is consistent with the approach required for medium term planning and the prudential code. The overall capital budget for the services reported to this panel was £20.879m at the end of September 2013. No slippage or underspendings are currently forecast. A breakdown is shown in the table below.

Scheme or programme of work	Approved 2013/14 capital budget £m	Forecast 2013/14 capital outturn £m	Variance since the previous Report £m	Total (Under)/Over Spend £m	Reasons
Offices	13.652	13.652	0.000	0.000	
Norfolk Work Style	0.095	0.095	0.000	0.000	
Carbon Management Programme Pot (CERF)	3.595	3.595	0.000	0.000	.
Property Management	0.111	0.111	0.000	0.000	
County Farms	0.000	0.000	0.000	0.000	
Corporate Minor Works	2.460	2.460	0.000	0.000	
Community Construction Fund	0.966	0.966	0.000	0.000	
Total	20.879	20.879	0.000	0.000	

Reserves and Provisions

3.11 The level of the Council's reserves and provisions is monitored continually during the year. The current forecast position for this Panel is set out in the table below.

Reserve/provision	Balance at 31-03-13 £m	Forecast Balance at 31-03-14 £m	Variance since last report £m	Total Variance £m	Reason for variance
Insurance Provision	12.394	12.394	0.000	0.000	
Potential Pension Liability Provision	1.270	1.270	0.000	0.000	
Redundancy Provision	5.138	5.069	0.000	-0.069	Use of provision to meet redundancy & pension strain costs payable in 2013/14.

Building Maintenance	1.051	0.776	0.000	-0.275	Includes transfer of funds to County Hall project.
Insurance Reserve	0.017	0.017	0.000	0.000	
IT Earmarked Reserve	5.873	5.735	0.000	-0.138	Use of funds held re Members services.
Repairs and Renewals Fund	0.514	0.514	0.000	0.000	
Usable Capital Receipts	1.587	1.455	0.000	-0.132	Level held is dependent on the level of receipts used in funding the Capital Programme.
Industrial Estate Dilapidations	0.010	0.010	0.000	0.000	
Strategic Partnership	0.486	0.017	0.000	-0.469	Monies spent in accordance with the agreement reached through the Norfolk LGA.
Modern Reward Strategy Reserve	6.210	6.210	0.000	0.000	
Strategic Ambitions Reserve	1.169	1.258	0.000	0.089	Amalgamation of PMO reserves & CERF revenue costs.
Organisational Change & Redundancy Reserve	7.277	6.275	0.000	-1.002	Includes transfer of funds to support Workstyle & ECMS delivery programme.
Icelandic Banks Reserve	5.735	2.235	0.000	-3.500	Use approved by County Council on the 18 th February 2013.
Norfolk Infrastructure Reserve	2.378	2.131	0.000	-0.247	Drawdown to support borrowing on a number of projects.
Unspent Grants & Contributions	0.317	0.169	0.000	-0.148	Use of Public Health & Healthwatch grants.
Car Lease Scheme	1.155	0.433	0.000	-0.722	Use approved by County Council on the 18 th February 2013.
NDR Reserve	2.500	2.500	0.000	0.000	
NPLAW Operational Reserve	0.245	0.245	0.000	0.000	

Community Construction Fund	0.072	0.000	0.000	-0.072	Use on management fees payable in 2013/14.
Archive Centre Sinking Fund	0.216	0.253	0.000	0.037	Expected contribution in 2013/14.
Total	55.614	48.966	0.000	-6.648	

Efficiency savings

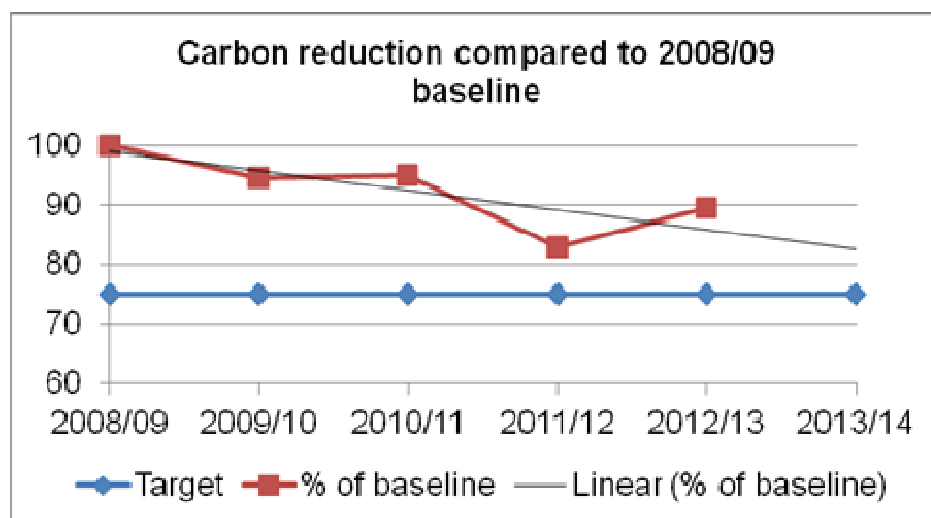
3.12 For 2013/14 the Council is aiming to achieve £16.459m cashable efficiency savings. Current predictions are £0.008m below this target at £16.451m. This is due to changes in the predicted efficiency savings within Children's Services which has fallen from £4.108m to £4.100m. Children's Services are predicting that they will make £0.659m more efficiency savings from school redundancy posts than anticipated at the start of the year as a fewer teachers are being made redundant. However the service is predicting that the efficiency savings from Special Education Needs transport will be £0.667m less than anticipated due to additional cost of transport to Specialist Resource Bases and Short Stay Schools. The result is an overall decrease of £0.008m in efficiency savings.

Sustainability - reducing our carbon footprint

3.13 Norfolk County Council has a target to reduce its carbon footprint by 25% by 2014/15 (or to 75% of a baseline set in 2008/9). This equates to a reduction of 23,658 tonnes of carbon dioxide from sources including buildings, business travel, street lighting, and traffic signals.

3.14 At its October meeting CROSP received a report providing an update on the Council's progress against this target. This reported that from April 2012 to March 2013 there was an increase in energy consumption, leading to an increase our footprint, which goes against previous good performance. Compared to the 2008-09 baseline (94,632 tonnes) the total carbon footprint now sits at 10.6% below the starting point.

Figure 4: Carbon dioxide emissions from NCC sources compared to baseline and target



3.15 In 2012/13:

- Carbon increased by 6,101 tonnes compared to the previous year, predominantly due to an increase in energy use in our buildings, partly due to the sustained

period of cold weather from late autumn to early spring.

- Whilst non-school buildings showed a carbon reduction of 1.9%, there was a 14.8% increase in schools with the footprint for schools now exceeding the level identified in the baseline year. However, monitoring shows that the 399 schools that participated in the Energy Education programme would have been 14% worse off if they had not completed the programme. Programme schools have increased their electricity consumption by 2.6% compared to 2008/09 (though up to this last year there was a reduction). However, non-programme schools have increased their consumption by 16.5%.
- Across the Council, the increase in energy use, combined with an average energy price rise of 11.5% for gas and 10% electricity, resulted in a significant increase in expenditure on energy to £14,413,211, an increase of £2,180,902 over the previous year.
- Our tax liability in relation to this was £678,102 (with £541,273 covering the impact from schools and paid for by the Dedicated Schools Grant). Under the Carbon Reduction Commitment we are required to pay £12/tonne tax for each tonne of carbon emissions produced. Last year in 2011/12 the Council paid £650,184.
- To date (14 June 2013) 563 Carbon Energy Reduction Fund (CERF) projects have been identified and are at various stages of delivery, totalling a potential value of £10.739m (£8.025m spent on projects completed). A great deal has been achieved through these projects and the Council will, in the coming years, benefit significantly from the investment in energy efficiency measures across its estate and operations.

3.16 Going forward, the continuing challenges we face are: weather conditions during the winter period; sustaining improvements in behaviour change, addressing impacts from travel and transport; managing the net floor space of the Council's estate and impacts from investment in street lighting. We have now to reduce our carbon by a further 14.4% - the equivalent of 13,673 tonnes if we are to meet the target by March 2014. Achieving this will be a challenge within one year.

3.17 As part of its October 2013 meeting CROSP agreed to endorse a new carbon reduction target for 2020 that is based on the corporate estate only as this is where NCC has most control over carbon emissions. This stretch target (to be agreed at Cabinet 4 November) aims to reduce carbon emissions from NCC property and services (excluding schools) by 50% by 2020 from the 2008/9 baseline. The performance of the school estate will be tracked and reported separately. This reflects national changes to the Carbon Reduction Commitment which will see schools excluded from any CRC liabilities.

Sustainability - reducing water usage

3.18 In March 2013 the Council adopted a target to reduce water consumption by 15% by 2017. This followed the recommendation of a CROSP scrutiny working group set up in 2012 to look at ways to of improving the efficiency of water usage and making financial savings. A 15% reduction in consumption equates to almost 82,000m³ from Council operated sites which could deliver a financial saving of around £284,000 per annum and carbon savings of 240 tonnes.

3.19 At its September meeting CROSP received an update on progress in implementing the recommendations from the scrutiny working group. At this meeting it was agreed that that future reporting of progress should be included within the performance, finance and risk monitoring report. The target to reduce water consumption has therefore been added to the performance dashboard contained in Appendix 1.

3.20 Key areas of progress since the last update include

- An officer group, including officers from Anglian Water (AW) and Norse, is prioritising a schedule of actions to reduce water consumption and costs. Works will be delivered to coincide with suitable maintenance or improvement schedules and the relevant premises managers will be engaged throughout.
- Tariff optimisation, to reduce water supply and sewerage costs, for non-schools estate is nearing completion.
- Solutions are being sought for a simple approach to tariff optimisation for schools. The net impact of tariff optimisation across the Council's estate (including schools) will be around £40,000 savings per year.

People management

3.21 Effective people management and organisational development are critical to the successful performance of NCC. We monitor how well we are managing staff to support change and transformation across different services through three measures covering staff performance, staff engagement and staff resourcing.

Staff performance

3.22 Staff performance is a composite measure of sickness absence, appraisals, disciplinarys and health and safety incidents. This measure is currently rated Amber. For the purposes of this report sickness absence is covered under Section 4 on quality and performance of service.

3.23 A review of employee health, safety and well-being last year showed that the number of non-reportable health and safety incidents fell by 5.3% from 2419 in 2011/12 to 2290 in 2012/13. There has been a 40% reduction in non-reportable health and safety incidents since 2009/10. In 2012/13 there were 53 injuries that lasted for more than 3 days (the same number as in 2011/12) of which 33 were reportable as they lasted for more than 7 days.

Staff engagement

3.24 Staff engagement is composite measure of resilience, employee advocacy and grievances. This measure is currently rated Amber.

3.25 This is a key area to track as high levels of engagement (and morale) underpin employee performance. Our emphasis continues to be setting clear expectations of line managers around their role in employee engagement and equipping them to perform this aspect of their job.

3.26 To help deliver organisational change an internal communications framework has been developed to promote staff understanding of key issues within Norfolk County Council along with a new set of staff 'behaviours'. Actions delivered to date as part of the framework include:

- Outstanding Contribution awards (staff OSCAS) revised to highlight and celebrate new staff behaviours. In 2012/13 88 nominations were made involving 300 staff, Following the re-launch in June 2013, a total of 43 nominations have already been made for the first two categories.
- Horizon – the all staff ezine - has been revised with the support of a staff focus group and is now issued monthly to all staff with an email account. Staff with difficulty in receiving online information can opt to have it delivered to a personal account, or it is printed out by managers and placed on staff noticeboards. Greater use is being made of video and audio clips to bring key information to life.
- Putting People First web pages were developed and promoted prior to the launch of

consultation on the budget proposals and a series of countywide staff ‘roundtable events’ to discuss the budget with chief officers and cabinet members began in October.

Staff resourcing

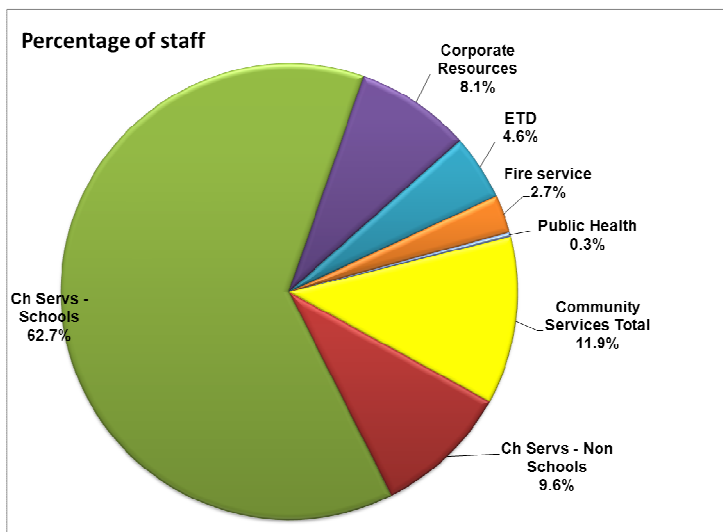
3.27 Over the past six years the organisation has gone through significant levels of change and this will continue as the Council seeks to bridge a £189m funding gap over the next 3 years. The measure on staff resourcing includes recruitment activity, redeployment, redundancy, HR Direct Resolution, and management of change and culture change and the measure is currently rated Green. At its September meeting CROSP received a detailed report on The Council’s Workforce Profile. An update on staff resourcing follows.

Permanent staff

3.28 When comparing the profile of the permanent workforce in July 2013 with July 2012 all departments have reduced in size with the exception of Resources and Public Health (who didn’t become part of NCC until April 2013). The increase in Resources is largely due to the transfer of staff previously in other departments, for example Norfolk Care Connect Staff, who are now located in the Social Care Centre of Expertise, formally the Customer Service Centre. Since April 2013 the number of FTE in Public Health has grown from 36 to 47. This reflects vacancies being filled that existed when Public Health moved to the Council. The largest area of change is Schools, largely due to the transfer of staff in to Academies.

3.29 Figure 5 shows the percentage of Full Time Equivalents (FTE) working in each department in July 2013. Figures are based on staff on the payroll, which excludes casual positions but includes temporary workers.

Figure 5: Percentage of Full Time Equivalents by Department in July 2013



Temporary staff

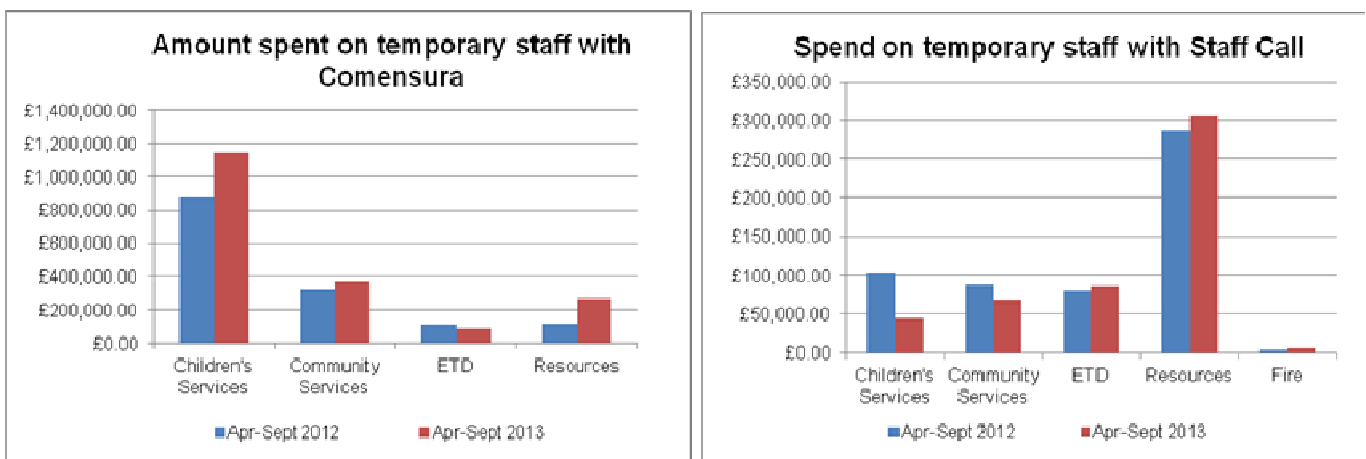
3.30 The use of temporary staff increased in 2012/13 and figures for the first half of 2013 show that this trend is continuing. NCC employs temporary staff either from an internal temporary staff register or via central contracts with Staff Call (which supplies business support, some professional roles and drivers for winter maintenance) or Comensura (primarily provides temporary social care workers, as well as technical, finance, education, HR and legal staff).

3.31 When comparing April to September 2012, the amount spent on temporary staff has

increased by 20%. The table below shows how spend with Comensura has increased between April and September 2013 when compared with the same time period in 2012, whilst spend with Staff Call has decreased. The two charts that follow show spending on temporary staff by department.

Period of time	Comensura Spend	Staff Call Spend	Total spend
Apr-Sept 2012	£1,425,944	£561,821	£1,987,766
Apr-Sept 2013	£1,885,124	£510,696	£2,395,820
% change	32.20%	-9.10%	20.53%

Figures 6 and 7 – Spend on temporary staff



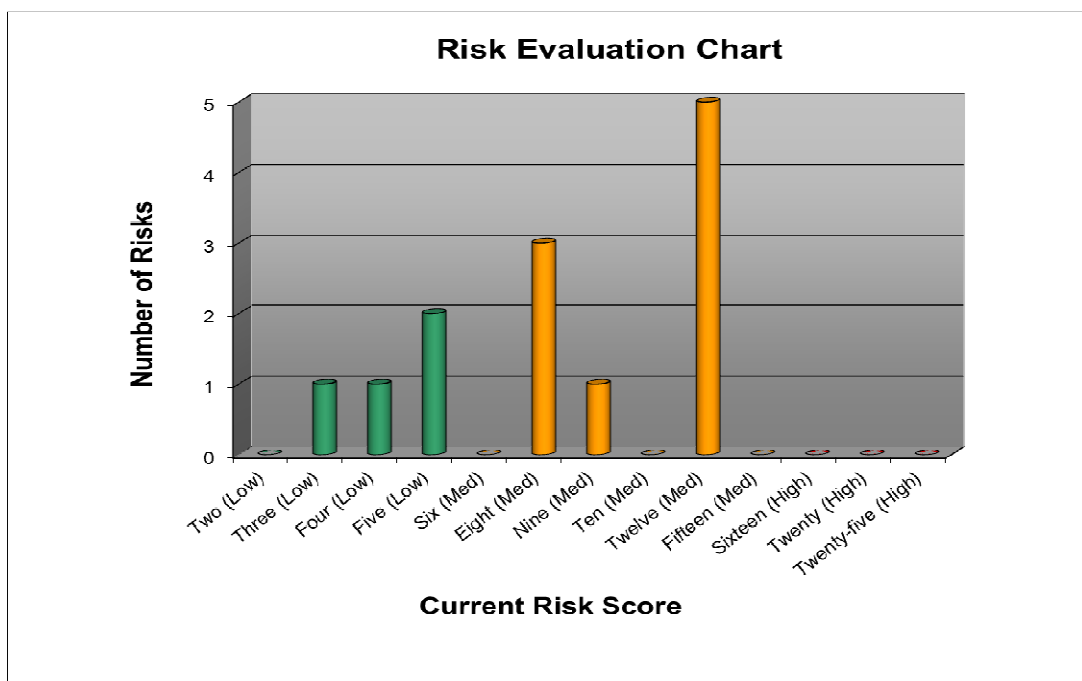
3.32 The reasons for the changes in expenditure on temporary staff include:

- Restructuring within the organisation. This type of recruitment allows a more flexible approach to resourcing, filling need on a short term basis when required, rather than committing to permanency. A higher level of expenditure is currently being experienced due to the use of interim higher management level posts pending restructure. This means that the temporary staff we are recruiting are highly skilled specialists, and therefore contributes more significantly to spend due to their level of pay. For example, Resources department expenditure via Staff Call has increased in ICT where following restructuring it was identified that additional systems work was necessary, particularly in Desktops, which resulted in temporary recruitment through Staff Call to these posts.
- The highest area of spend so far this year is £1,146,331.94 for Children's Services. Current arrangements with Comensura include Social Workers which is an area that is difficult to fill. Moving forward, Children's Services are committing to a high profile recruitment campaign to address this with a view to securing more permanency in this area. The figures relating to Children's Services do not include recruitment against the committed additional spend for social workers agreed by Cabinet in August. This will be visible on October 2013 spend with Comensura.
- The reduced level of spend with Staff Call reflects a decision to move the recruitment of temporary workers for HR, ICT and Finance posts to Comensura. A new contract is currently being tendered to provide business support and drivers. The procurement process will be completed by December 2013 with a view to a provider being in place for April 2014.

Risk management

- 3.33 The Resources departmental risk register is regularly reviewed and updated for any changes that have occurred to the risk as a whole and to the progress of its control measures. The risk register reflects the key business risks that require strong management and which, if not managed appropriately, could result in the department failing to achieve one or more of its key objectives and/or suffer financial loss or reputational damage.
- 3.34 Appendix 2 contains a summarised version of the Resources risk register as at 14 October 2013. As recommended by Audit Committee, in order to provide more complete information Appendix 3 displays the full risk register.
- 3.35 A review of existing and newly proposed risks has been undertaken. This included a review of risk ownership to reflect recent senior management changes. This report outlines the outcome of that review as follows:
- 13 risks are included on the Resources departmental risk register. The first 10 are also listed on the County Council’s Corporate risk register and have been reviewed and updated by Chief Officers. The remaining three risks relate to the County Council’s ownership of Norse.
 - Progress made against three of the risks has resulted in their target scores being reached. These are now shown within Appendix 2 as having their prospects recorded as ‘Met’.
 - Following a review of risk ‘RM14097 - Shortage of personnel through illness, sustained industrial action, etc. including loss of key senior personnel’, an amended target date of 30 September 2014 (previously 31 March 2014) has been given. This is in light of the current public consultation proposals for the 2014-17 budget and senior management review.
 - In accordance with the Risk Matrix and Risk Tolerance Level set out within the current Norfolk County Council ‘Well managed Risk – Management of Risk Framework’ four risks are reported as ‘Low’ and nine as ‘Medium’ as illustrated by Figure 8.

Figure 8: Risk evaluation chart for the Resources Risk Register



4. Quality and performance of services

Supporting staff health and well-being

Sickness absence – whole council

- 4.1 The average number of days sickness absence per FTE (Full Time Equivalent) recorded for the whole Council (including schools) has reduced each year since 2009/10 reaching a low of 7.06 days in 2012/13. The target for 2013/14 has been set at 0.25 days lower than 2012/13 at 6.81 days per FTE.
- 4.2 Sickness absence levels for April to September 2013 are currently 2.9 days per FTE - marginally lower than the reported 3.0 days per FTE in April to September 2012. However there is often a time lag in reporting of sickness absence (for example the previously reported figure of 1.6 days for quarter 1 has since been revised to 1.7 days) so a more accurate picture of how effectively sickness absence is being managed will emerge as the year progresses. Early indications show that as of quarter 2 the predicted outcome for sickness over 2013/14 is 6.97 days (NCC including schools), which is 0.16 days above the target but still an improvement on the outcome last year.

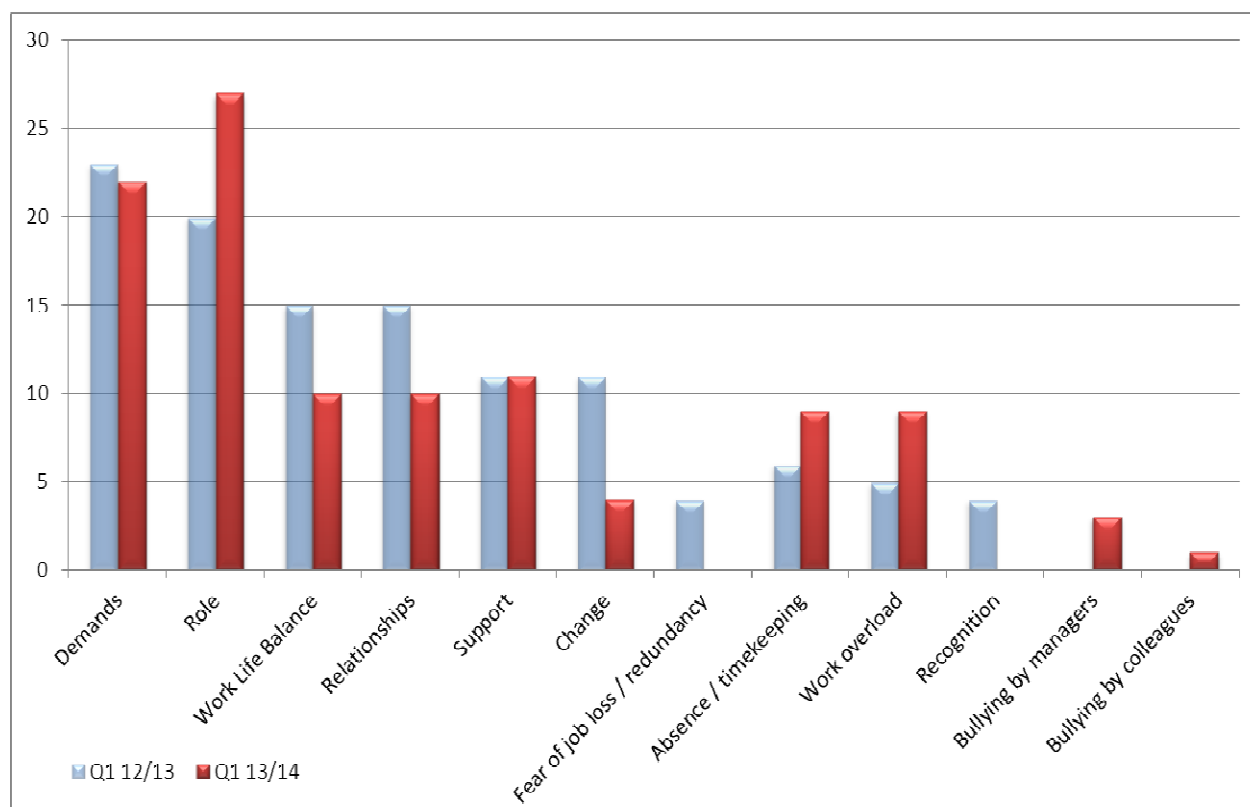
Sickness absence – Resources

- 4.3 In 2012/13 sickness absence for Resources staff rose from 7.5 days per FTE in 2011/12 to 8.91 days per FTE. This high level was attributed to long-term sickness issues which are being addressed. For 2013/14 the target is 7.47 days per FTE.
- 4.4 Between April and September 2013 sickness absence in Resources was 3.7 days per FTE. Whilst this is higher than the current whole council average of 2.9 days per FTE (see paragraph 3.2) it is below the 4.14 days per FTE recorded for Resources over the same period last year. This indicator is currently Red as based on previous profiles the predicted outcome for sickness is 8.34 days per FTE, which is above the target of 7.47 days per FTE. However a range of actions to manage sickness absence, including those taken in 2012/13, are expected to reduce this figure as the year progresses. The effectiveness of this will be measured by performance figures in Quarter 3.
- 4.5 HR are currently carrying out a sickness absence review on existing support mechanisms to see if there is anything else that should be done to support the organisation to continually drive down absence levels. The first step is to look at what is being done now and to find out which are the most effective mechanisms in supporting managers to actively manage absence levels. The review is expected to report at the end of March 2014.

Supporting employees

- 4.6 The Norfolk Support Line (NSL) is available to eligible Council employees to help support them on a variety of issues, both personal and work related. Figure 9 shows the reasons why staff contact the NSL service in relation to work issues for Quarter 1 (April to June) 2012/13 and Quarter 1 2013/14. The comparison shows that overall the number of people contacting NSL for work related issues reduced from 114 in Quarter 1 2012/13 to 106 in the same period in 2013/14.
- 4.7 Issues relating to an individual's role in the organisation, absence or timekeeping and work overload has increased. Bullying has also been recorded as an issue in 2013/14, but not the year before. Between April and June 2013 a total of 38 employees contacted the support line for legal advice, 35% of which were in relation to work issues. The key issue that people wanted legal advice on was their terms and conditions of employment.

Figure 9: Reason for contacting Norfolk Support Line



5. Outcomes for Norfolk people

Customer complaints

- 5.1 The proportion of complaints responded to within timescales for the first half of the year is 93% (92% Quarter 1). 90% of referrals were resolved before entering the formal complaints process.
- 5.2 Quicker resolution of complaints at the earliest opportunity has resulted in a reduction in average cost per complaint from £201 in 2011/2012 to £167 in 2012/2013. In addition, the service has saved around £30k by building skills within the team in order to reduce the use of external investigators.

Customer access channels

- 5.3 Information on developments in customer services is included in the Customer Service Strategy update paper which is part of today's agenda. Highlights of how the service is delivering efficiency savings include work to increase customer use of lower cost customer contact channels, reducing avoidable contact, better understanding customer journeys to identify opportunities for efficiencies, as well as the on-going development of the social care centre of expertise.

Hate crime and incident reporting

- 5.4 The council has a legal responsibility under the Equality Act 2010 to have due regard to eliminating discrimination, harassment and victimisation, advancing equality of opportunity and fostering good relations between people. In addition, under Section 17 of the Crime and Disorder Act, public bodies have a duty to consider crime and disorder. As part of this we have a leading role with other public and voluntary sector bodies in tackling hate incidents and hate crime and encouraging effective reporting.

- 5.5 Hate incidents and crimes differ from other crimes towards an individual as they are focused on what the person represents and are therefore targeted at their identity.
- 5.6 The Police and Crime Prosecution Agency have specific regulations in respect of:
- Disability
 - Race or ethnicity
 - Religion or belief
 - Sexual orientation
 - Gender identify
 - Age
- 5.7 A hate incident is any incident which may or may not be a crime and is perceived by a person or any other person as being motivated by prejudice or hatred. A hate crime is any offence committed against a person or their property motivated by an offender's hatred of that particular person or group of people because they are seen as being different. Only the police can classify a hate incident to be a hate crime.
- 5.8 During the most recent reporting period (Quarter 1) a total of 250 hate incidents and crimes were reported. This is an increase of 17.9% compared to the previous period, and a 1.2% decrease compared to Quarter 1 2012/13.

Period	Hate incidents	Hate Crimes	Total
2011/12 Q2	121	147	268
2011/12 Q3	108	157	265
2011/12 Q4	108	117	225
2012/13 Q1	137	116	253
2012/13 Q2	177	130	307
2012/13 Q3	130	106	236
2012/13 Q4	115	97	212
2013/14 Q1	151	99	250

- 5.9 When these figures are broken down there has been a 25% increase in the number of hate incidents reported since Quarter 2 2011/12, whilst recorded hate crimes have decreased by 33% (see Figures 10 and 11). In February 2012, we worked with the county hate crime group to launch a multiagency campaign to increase awareness of hate incidents and how these can be reported. Police intelligence showed that many were going unreported (as opposed to hate 'crimes' which people could more clearly identify) and that these incidents were then escalating into crime.

Figure 10: Recorded Hate Incidents between Q2 2011/12 and Q1 2013/14

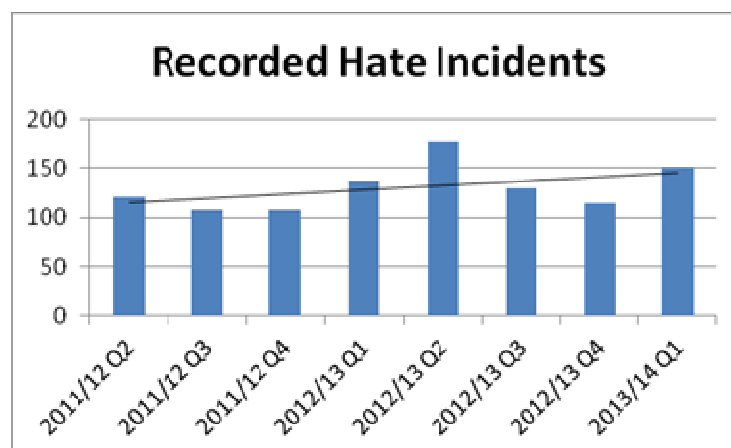
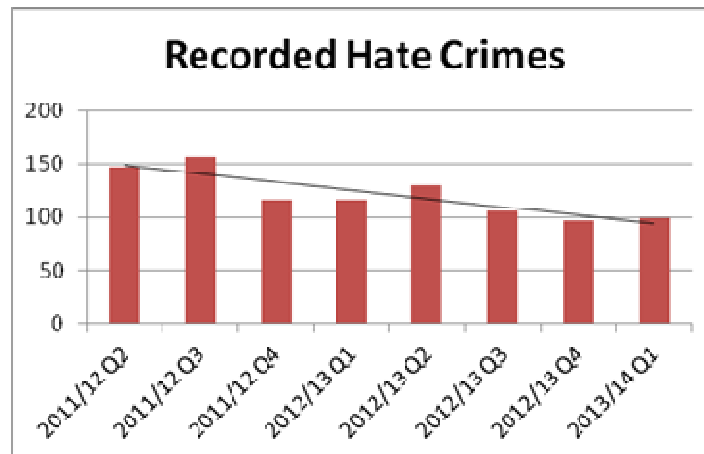


Figure 11: Recorded Hate Crimes between Q2 2011/12 and Q1 2013/14



- 5.10 During the first half of 2013, over half of incidents reported were racist in nature (62%), followed by disabilist (17%) and homophobic / transphobic (16%).
- 5.11 There remains a substantial problem with underreporting of hate incidents and hate crimes. It is estimated that around 90% of hate incidents are not reported and we would like people to have confidence and feel safer in reporting. A programme of training is currently underway with services that support vulnerable people and social care partners to enable them to better recognise hate incidents and have a follow up conversation with people. There is also a focus on establishing more reporting places in services where people will feel safe reporting.

6. Equality Impact Assessment (EqIA)

- 6.1 This report provides a summary of performance information on a wide range of activities monitored by the Corporate Resources Overview and Scrutiny Panel. Many of these activities have a potential impact on residents or staff from one or more protected groups. Where this is the case, an equality assessment has been undertaken as part of the project planning process to identify any issues relevant to service planning or commissioning. This enables the Council to pay due regard to the need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations.
- 6.2 Details of equality assessments are available from the project lead for the relevant area of work, or alternatively, please contact the Planning, Performance and Partnerships team.

7. Section 17 – Crime and Disorder Act

- 7.1 There are no direct implications of this report for the S17 Crime and Disorder Act.

8. Conclusion

- 8.1 The Resources department continues to deliver against its own Norfolk Forward programme of change whilst also supporting the delivery of programmes and projects across the Council. Work is underway to develop a single prioritised 'Norfolk Putting People First' programme for the Council.
- 8.2 Financial budgets and risks continue to be well managed. There is a projected overall net revenue underspend of -£2.780m against the budget of -£598.147m. The balances on reserves and provisions are projected to decrease from £55.614m to £48.966m during the year. No variances are currently forecast against the overall capital budget of £20.879m. Current projections are that the County Council will achieve £16.451m of cashable efficiency savings in 2013/14.

- 8.3 There are four Amber rated risks on the Corporate Risk Register and these have mitigating measures in place.
- 8.4 Performance is being sustained across most areas at a time of considerable change. Progress continues to be made on the delivery of a strategy to reduce water usage, staff are actively engaged in supporting organisational change, the workforce is more flexible to the needs of service delivery, there has been a fall in the number of health and safety incidents and the complaints service has successfully reduced the average cost of complaint handling. An awareness raising campaign has successfully led to an increase in hate crime incident reporting and a reduction in recorded hate crime.
- 8.5 Key areas of focus are reducing carbon emissions in order to meet the March 2014 reduction target, managing staff sickness absence, and continuing work to encourage the reporting of hate incidents so that appropriate action can be taken, thus continuing to reduce the number that escalate into hate crime.

9. Action Required

- 9.1 Members are asked to:
- Note progress and consider whether any aspects should be identified for further scrutiny. Note the changes to the risk register and consider any further actions that may be appropriate

Background papers

CROSP 03 September 2013

- Norfolk County Council's Usage of Water – Update report
<http://www.norfolk.gov.uk/view/carp030913agendapdf#page=37>
- Norfolk County Council Workforce Profile
<http://www.norfolk.gov.uk/view/carp030913agendapdf#page=43>

CROSP 15 October 2013

- Carbon and Energy Reduction Programme Report for 2012/13
<http://www.norfolk.gov.uk/view/carp151013agendapdf#page=36>
- Opportunities for Income Generation
<http://www.norfolk.gov.uk/view/carp151013supagendapdf>

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

Managing Change

Overall assessment of Norfolk Forward Programme status:					AMBER
Dashboard Assessment by Programme					
Programme	Overall	Timescales	Benefits	Budget	Resources
Shared Services T&E	AMBER	AMBER	GREEN	GREEN	GREEN
Norfolk Work Style	AMBER	GREEN	GREEN	GREEN	AMBER
Income Generation	GREEN	GREEN	GREEN	GREEN	GREEN
County Hall	AMBER	AMBER	AMBER	AMBER	GREEN

KEY

Key - Performance		DoT - Direction of travel i.e. better or worse than the previous month.
Green	Performance is on target, no action required.	X Performance has got worse.
Amber	Performance is slightly off-track.	✓ Performance has improved.
Red	Performance is worse than the target, action required.	■ Performance has stayed the same.
↑	Value on a surveillance measure has shown an increase – this does not automatically indicate worsening or improving performance	
↓	Value on a surveillance measure has shown a decrease – this does not automatically indicate worsening or improving performance	
Surv.	Surveillance measures are indicators that we don't set a target for because: <ul style="list-style-type: none"> The indicator tells us about the context for our services, but does not measure our performance – for example the carbon dioxide emissions from our property Where performance isn't entirely within our control – for example the rate of deaths from accidental dwelling fires We continue to report these because they have a significant impact on demand for services or outcomes for Norfolk people and are important to note.	
Latest value	Latest values are taken from September 2013 unless otherwise indicated.	
Reporting period	Most recently available data used. For most indicators Direction of Travel compares to last period, or same time last year. Unless suffixed by either a [Q] or [A] or [B] (representing Quarterly or Annually or Biannually respectively) each measure is monitored monthly.	

Appendix 1: Shared Services Dashboard - April to September 2013

Managing Our Resources

Measure	Q2 Apr-Sept 2012/13	Q3 Apr-Dec 2012/13	Q4 Apr-Mar 2012/13	Q1 Apr-Jun 2013/14	Latest Value	Latest Target	Direction of travel	Rating	End of year target
Managing the budget (Whole Council)									
Projected budget spend against revenue budget [M]	-0.8%	-1.1%	-0.7%	-1.8%	-0.75%	0.0% or less	✓	Green	0.0% or less
Spend against profiled capital budget [M]	-0.1%	-0.1%	-6.5%	-0.1%	-0.08%	Between 0.0% and -10%	✓	Green	Between 0.0% and -10%
Projected cashable efficiency savings [M]	£24.869m	£25.131m	£25.272m	£16.292m	£16.451m	£16.459m	X	Amber	£16.459m
Managing the budget (Resources)									
Projected budget spend against revenue budget [M]	-1.2%	-3.4%	-3.0%	0.0%	-0.19%	0.0% or less	✓	Green	0.0% or less
Spend against profiled capital budget [M]	0.0%	0.0%	-14.3%	0.0%	0.0%	Between 0.0% and -10%	✓	Green	Between 0.0% and -10%
Projected cashable efficiency savings [M]	£3.769m	£3.769m	£3.769m	£2.240m	£2.240m	£2.240m	➡	Green	£2.240m
Procurement									
Total spend (£) on contract (where systems permit this to be measured) [M]	New measure introduced Q1 2013/14			£37.4m	£34.6m	New measure	n/a	n/a	New measure
Percentage of spend on contract (where systems permit this to be measured) [M]	New measure introduced Q1 2013/14			88.56%	88.82%	New measure	✓	n/a	New measure
Rationalising assets and property									
Premises related costs per FTE (Whole Council excluding schools) (2011/12 = £3110) [A]	£3164	£3164	£3164	N/A	£3164 (2012/13)	Surv.	X	Surv.	Surv.
Premises related costs per FTE (Resources) (2011/12= £1,701) [A]	£1,999	£1,999	£1,999	N/A	£1,999 (2012/13)	Surv.	X	Surv.	Surv.

Appendix 1: Shared Services Dashboard - April to September 2013

Sustainability									
Reduction in carbon dioxide emissions compared to 08/09 baseline (all sources, whole council 2011/12 = -17%: [A])	-10.6%	-10.6%	-10.6%	-	-10.6%	Surv.	X	Surv.	-25%
% CO2 emissions from automatically metered buildings compared to 08/09 baseline (Whole Council) [M]	NEW	NEW	88.7%	88.3%	88.46% (Oct 12-Sept 13)	Surv.	X	Surv.	Surv.
% CO2 emissions from automatically metered buildings compared to 08/09 baseline (Resources) [M]	NEW	NEW	82.5%	83.1%	83.25% (Oct 12-Sept 13)	Surv.	✓	Surv.	Surv.
Reduction in water usage (whole council including schools)	NEW	NEW	NEW	NEW	NEW	NEW	NEW	NEW	-15% by 2017
People Management									
Staff performance (composite) [M]	A	A	A	A	A	Green	➡	Amber	Green
Staff engagement (composite) [M]	A	A	A	A	A	Green	➡	Amber	Green
Staff resourcing (composite) [M]	G	G	G	G	G	Green	➡	Green	Green

Risk Management- Key risks from the Corporate Risk Register		
RM14100 ICT Loss of key systems	➡	Amber
RM0200 Insufficient capacity for business transformation	➡	Amber
RM13968 Failure to follow data protection procedures	➡	Amber
RM14097 Shortage of personnel through illness, sustained industrial action, etc. including loss of key senior personnel	➡	Amber

Appendix 1: Shared Services Dashboard - April to September 2013

Service Performance

Measure	Q2 2012/13	Q3 2012/13	Q4 2012/13	Q1 2013/14	Latest Value	Latest Target	Direction of travel	Rating	End of year target
Organisational development									
HR Direct Resolution rate [M]	G	G	G	G	G	G	→	Green	G
Number of redeployments (amount of redundancy payment avoided) [Q]	25 (£52,788)	35 (£76,139)	56 (£180,000)	28 (£150,000)	45 (£280,000)	Surv.	↑	Green	Surv.
Average number of days employee sickness per FTE (Whole council) [Q]	3.0	5.2	7.1	1.7	2.9	n/a	✓	Amber	6.86
Average number of days employee sickness per FTE (Resources) [Q]	3.8	6.2	8.5	1.94	3.7	n/a	✓	Red	7.47
Responsive services									
Percentage of telephone enquiries answered within 15 seconds [M]	87.0	86.9	86.9	86.7	86.86%	Surv.	✓	Surv.	Surv.
Percentage of invoices paid by authority within 30 working days [M]	95.6	96.8	98.1	96.9	97.12%	90%	✓	Green	90%

Appendix 1: Shared Services Dashboard - April to September 2013

Outcomes For Norfolk People

Measure	Q2 2012/13	Q3 2012/13	Q4 2012/13	Q1 2013/14	Latest Value	Latest Target	Direction of travel	Rating	End of year target
People's view on council services									
Satisfaction with services (through tracker survey) [A] 2011/12= 49%	-	52%	-	-	52% (2012/13)	49%+	✓	Green	49%+
Satisfaction with the way in which we handled customer complaints [A] 2011/12 = 47%	-	44%	-	-	44% (2012/13)	44%+	X	Green	44%+
Ombudsman complaints where maladministration found [M]	0	0	0	0	0	0	➡	Green	0
Accessing the council including advice and signposting services (Whole Council)									
Quality and effectiveness of customer access channels (composite) [M]	G	G	G	G	G	G	➡	Green	Green
Localism (Whole Council)									
% residents who feel they can influence decision affecting their local area [A] 2011/12= 33%	-	35%	-	-	35% (2012/13)	33%+	✓	Green	-
Equalities									
Tackling priorities identified by potentially vulnerable residents [M]	NEW	G	G	G	G	G	➡	Green	Green
Reported number of hate incidents and hate crimes [B]	307	236	212	250	250 (Q1 2013/14)	Surv.	X	Surv.	Surv.

Appendix 1: Shared Services Dashboard - April to September 2013

Exceptions and commentary on data and blanks

Measure	Detail
Delivering Norfolk Forward	
Managing our resources	
<ul style="list-style-type: none"> Total spend on contract (where systems permit this to be measured) Percentage of spend on contract (where systems permit this to be measured) 	<p>These new indicators measure all invoice expenditure via our Oracle financial systems, including CareFirst, iProc and the Highways Management System. In due course it will also include Uniclass and Routewise. The indicators measure expenditure that is deemed to be “on contract”. “On contract” expenditure is where invoices are matched to Purchase orders, or legacy third party payment systems so the expenditure readily shows against these contracts. The first measure reflects the figures in terms of value, whilst the second measures the percentage that is on contract.</p>
<ul style="list-style-type: none"> Reduction in water usage (whole council including schools) 	<p>This indicator has been added to the dashboard for the first time following the recommendation at CROSP on 3 September 2013 that future updates on progress in delivering the council’s water strategy be included with this report. Working with Anglian water the Council’s water strategy aims to reduce water usage and make financial savings. The target is for a 15% reduction in water usage by 2017.</p>
Service performance	
Outcomes for Norfolk people	

Risk Register - Norfolk County Council - Summary - Appendix 2

Area	Risk Number	Risk Name	Risk Description	Current Risk Score	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Risk Register Name		Resources Departmental Risk Register					Red	
Prepared by		Stephen Andreassen			High		Amber	
Date updated		14 October 2013			Med		Green	
Next update due		31 December 2013			Low		Met	
Corporate Programme Office	RM13919	Organisational changes within the NHS	Organisational changes within the NHS may inhibit our ability to deliver effective integrated care services. This could lead to disjointed services, a lack of clarity around roles and responsibilities, resulting in confusion for service users, greater costs and a worse service experience for service users	5	5	31/03/2014	Met	Debbie Bartlett
Resources Corporate Programme Office	RM0200	Insufficient capacity for business transformation	Insufficient capacity and resources in the organisation to make required business transformation resulting in change projects not being delivered on time and risk that business as usual could fail in some areas.	12	8	31/03/2014	Amber	Anne Gibson
HR Shared Services	RM13918	The speed and severity of change in work activities.	The speed and severity of the changes in service activities, service redesign and job cuts necessary to achieve budget savings targets could significantly affect the engagement and wellbeing of staff. This could lead to increased sickness absence, reduced engagement and a reduction in productivity and performance.	12	8	31/03/2014	Green	Audrey Sharp
HR Shared Services Business Continuity	RM14097	Shortage of personnel for a variety of reasons eg. illness, industrial action, inclement weather etc., including loss of key senior personnel	The risk of a shortage of personnel could result in inadequate capacity to deliver our services, reputational damage for the organisation, and litigation in the case of being unable to deliver our key statutory obligations. This is particularly the case with Payroll specialist and Oracle functional/ technical staff given the high level of payroll legislative changes (Real Time Information, Pension Scheme changes (LGPS 2014, TP & NHS 2015)) impacting at the same time as extensive organisational change.	12	6	30/09/2014	Amber	Audrey Sharp

ICT Shared Services Business Continuity	RM14100	Loss of key ICT systems	Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.	12	6	31/03/2014	Amber	Tom Baker
Information Management	RM13968	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	12	4	31/03/2014	Amber	Tom Baker
Procurement	RM14080	Failure of tender process	If we do not manage the commissioning and tendering process effectively we may be subject to legal challenge from an unsuccessful bidder or we may appoint a bidder which is not capable of delivering the contract effectively.	8	4	31/03/2014	Green	Al Collier
Procurement Business Continuity	RM14081	Failure of supplier	If a supplier fails to deliver in accordance with the contract (because of insolvency, capability issues, lack of contract management or a poorly drafted contract) we may be unable to deliver services to the required standard or we may incur excessive costs	4	4	30/09/2013	Met	Al Collier
Finance	RM14094	Failure to deliver planned budget savings in 2013/14	The risk that planned budget savings are not delivered in full and on time could lead to imposed in-year cuts and reductions in planned service delivery. This could impact on services delivered to the public, as well as generating adverse public and media comment if cuts are made in areas that were not included in the Big Conversation.	9	6	31/03/2014	Green	Peter Timmins
Finance	RM8680	Failure to recover outstanding funds from Icelandic banks	Norfolk County Council fails to recover monies outstanding from Icelandic banks.	5	5	31/03/2014	Green	Peter Timmins
Norse - Finance	RM14036	Failure to clearly define and communicate the vision and objectives for the Norse Group	Failure to clearly define and communicate the County Council's ownership vision and objectives for the Norse Group to the Norse Board could lead to a divergence of direction between the two. This may result in the Norse Group pursuing a direction contrary to the Council's vision.	8	4	31/12/2013	Green	Peter Timmins

Norse - Finance	RM14037	Failure to establish an appropriate governance framework for the Norse Group	If the County Council fails to establish an appropriate governance framework that demonstrates robust stewardship of its ownership of the Norse Group it may lead to the County Council being unaware and therefore unprepared for any adverse effects as a result of the Norse Group failing in total or in part or not meeting expected performance standards. This could result in financial pressures and may impact negatively on the County Council's reputation.	8	4	31/12/2013	Green	Peter Timmins
Norse - Procurement	RM14039	Award of a contract to the Norse Group without a tender exercise	In some circumstances, award of a contract to some Norse Group companies without a tender exercise may be challenged as an 'illegal direct award'. A successful challenge could lead to the contract being set aside (if it is for goods, works or 'Part A' services), and/or to the award of damages (any contract). This would negatively impact on the County Council's reputation	3	3	31/12/2013	Met	Al Collier

Risk Register - Norfolk County Council - Appendix 3

Risk Register - Norfolk County Council - Appendix 3																					
Risk Register Name		Resources Departmental Risk Register														Red					
Prepared by		Stephen Andreassen														High					
Date updated		14 October 2013														Med					
Next update due		31 December 2013														Low					
CDG/STP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Corporate Programme Office	RM13919	Organisational changes within the NHS	Organisational changes within the NHS may inhibit our ability to deliver effective integrated care services. This could lead to disjointed services, a lack of clarity around roles and responsibilities, resulting in confusion for service users, greater costs and a worse service experience for service users	23/05/2011	2	5	10	1	5	5	<ul style="list-style-type: none"> Establish a Joint Programme Board with NHS Norfolk and Waveney under the Norfolk Forward Programme arrangements to ensure monthly dialogue at a senior level across NCC and the local NHS. Use the shadow Health and Well-Being Board (HWB) to develop the form and function of the Operational/Statutory HWB for Norfolk Carry out work with stakeholders to determine health improvement priorities and outcomes Provide training and support for new commissioning managers Establish the basis for joint working with GP Clinical Commissioning Groups (CCGs) Integrate at all levels across the health and social care system including commissioning and provision Develop communication plan 	<p>The organisational changes related to the NHS Health reforms were implemented on 2 April 2013. As of 2 April 2013, the NCC NHS reforms programme has successfully set up Healthwatch, transferred public health to NCC, created a Health and Wellbeing Board and made the necessary changes to the constitution and on-going scrutiny arrangements. The NHS reforms programme is preparing for closure and next steps related to realising integration benefits.</p> <p>The new Health and Wellbeing Board (HWBB) is keeping an overview of Health and Wellbeing across Norfolk. HWBB have agreed Health improvement priorities 2013/4 and 2014/17. Following the implementation of the reforms, an NCC Corporate Steering Group has been set up to ensure there is an on-going overview of health integration, to capture and address any emergent issues and risks that may arise whilst the reforms bed in, and to identify NCC's collective Health offer.</p> <p>NCC's new Public Health department has taken ownership of their risks as part of business as usual and created a risk register in line with NCC risk management policy. Their public health risk log will be reviewed by CROSP as part on on-going performance and risk monitoring.</p> <p>Reviewed at COG on 22 August.</p> <p>Score reduced to target level with Public Health taking ownership of their risks as business as usual.</p>	1	5	5	31/03/2014	Met	Debbie Bartlett	Richard Archer	11/10/2013
C	Resources Corporate Programme Office	RM0200	Insufficient capacity for business transformation	Insufficient capacity and resources in the organisation to make required business transformation resulting in change projects not being delivered on time and risk that business as usual could fail in some areas.	01/04/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> Corporate Programme Office established and rigorously reviews and reports progress of the Council's business transformation programme (Norfolk Forward) on a monthly basis within a formal governance and reporting structure. Capacity and resource planning is a key part of this agenda to ensure successful delivery of the strategic outcomes Any issues are addressed by the Norfolk Forward Strategic Programme Board through prioritisation of projects or where necessary the utilisation of the cost of change budget The corporate performance framework looks at four themes, (Managing change, Managing the budget, Quality and Performance of Services and Outcomes for Norfolk people). This enables us to assess the impact our change priorities have on our business as usual performance and resources. 	<p>Summary statement: Good progress is being made in building resource and capacity management into management team discussions, with a particular focus on Shared Services. It has been agreed at COG (10/10/13) that resource issues impacting the delivery of the Norfolk: putting people first change programme will be addressed at a departmental level in the first instance and where there are issues which require priority decisions or additional funding they will be escalated to a newly formed group, to be established by Debbie Bartlett, and if necessary to COG for resolution.</p> <p>Process and Behaviour: The resource dashboard, covering each department within Shared Services, is discussed on a monthly basis at RMT.</p> <p>Planning: A consolidated priority list was discussed at COG (10/10/13) and is due for ratification w/c 14/10. Based on this list a dashboard has been produced and communicated to COG and RMT. Two areas with 'significant unknowns' were highlighted to COG around the ability of the organisation to support the resource requirements of DNA and the Children's Services Improvement plan. COG members were asked to understand the implications of these two key priorities for their areas. It was agreed to discuss any future resource risks and issues on an escalation basis in the newly formed group to be led by Debbie Bartlett (see above).</p>	2	4	8	31/03/2014	Amber	Anne Gibson	Diana Dixon	10/10/2013

C	HR Shared Services	RM13918	The speed and severity of change in work activities.	The speed and severity of the changes in service activities, service redesign and job cuts necessary to achieve budget savings targets could significantly affect the engagement and wellbeing of staff. This could lead to increased sickness absence, reduced engagement and a reduction in productivity and performance.	23/05/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> The OD and HR workstream highlights a range of activities to ensure from a people perspective that we maintain a resilient, productive organisation ready to embrace and implement the changes. The CC continues to :- <ul style="list-style-type: none"> (a) Set clear expectations of managers around leading change in their teams.(b) To provide targeted leadership & management development to support our managers to be able to sustain both individuals and team engagement, wellbeing, resilience, productivity and performance. There was a particular focus this year around equipping managers to have high quality discussions with individuals through end of year Appraisal discussions - to prepare them for the future - (including developing new skills and planning their careers). (c) Ensure the on-going promotion and access to our wellbeing support (including for example the Norfolk Support line); provide sessions to build individual and team resilience (along with self help support on Peoplenet). The provision of a targeted package for employees leaving the organisation has been previously provided and well received. There is in place regular tracking employees engagement and morale through a range of mechanisms and upwards feedback and ensuring any themes/issues are acted on. Attention will be paid to tracking this across all services across the CC. Also linking this data with on-going trends around sickness absence and range of proactive support for managers around managing attendance within their teams. Further review and planning of the HR and OD support is underway to ensure the effective implementation of financial challenges / People First. 	We continue to draw on and review the 'lessons learned' from all the different change we have implemented in order to improve our handling of future phases, such as involvement, communications and support mechanisms for staff. Previous Employee survey's and our tracking through the Manager Reference, Focus Group and TU feedback highlights good levels of employee engagement (against a backdrop of change and ongoing job security issues). Progress around sickness absence also reported regularly to COG and CROSP - end of year figures show overall reduction in sickness absence compared to previous years. Reviewed at COG on 22 August and again by risk owner on 14 October 2013 confirmed no change to prospects or current score.	2	4	8	31/03/2014	Green	Audrey Sharp	Kerry Furness	14/10/2013
C	HR Shared Services Business Continuity	RM14097	Shortage of personnel for a variety of reasons eg. illness, industrial action, inclement weather etc., including loss of key senior personnel	The risk of a shortage of personnel could result in inadequate capacity to deliver our services, reputational damage for the organisation, and litigation in the case of being unable to deliver our key statutory obligations. This is particularly the case with Payroll specialist and Oracle functional/technical staff given the high level of payroll legislative changes (Real Time Information, Pension Scheme changes (LGPS 2014, TP & NHS 2015)) impacting at the same time as extensive organisational change.	01/04/2013	3	4	12	3	4	12	<p>BCPE001 Business Partners / HR Service Manager / HR workforce planning team Ensure key skills for critical activities are documented to support redeployment of staff in the event of needing staff to support critical activities.</p> <p>BCPE002 Lucy Hohnen - Maintain critical skills within NCC's Corporate HR system.</p>	<p>10 October 2013: Interim appointments currently in place to cover senior management vacancies. Recruitment of permanent appointments for these posts expected to commence pending the outcome of the Acting Managing Director's review of the senior management structure currently underway (to be taken to Full Council 25th November). Careful management of Payroll legislative projects with the support of CPO to ensure deliver to time and standard.</p> <p>08 August 2013: HR Workforce planning team are working with HR Business Partners to identify critical skills and roles to meet future challenges and service objectives.</p> <p>08 August 2013: Qualifications can now be added to an employee's personal record via self service. This is available to approx. 4000 employees and allows a wide range of qualifications to be recorded. Whilst this does not fully meet the need as it is not yet possible to record skills, just qualifications, a greater range of information is now available. Increased scope of both the available functionality and number of employees who can access self service is planned.</p>	3	2	6	30/09/2014	Amber	Audrey Sharp	Lucy Hohnen	11/10/2013

C	ICT Shared Services Business Continuity	RM14100	Loss of key ICT systems	Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.	01/04/2013	3	4	12	3	4	12	<p>Task 001 - Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience</p> <p>07 August 2013 Ongoing. Changes to standard desktop, remote access, wireless and managed printing now making it easier for staff to work from other locations. 8 Oct 2013 - Continued roll out of wireless and managed print to support flexible working</p> <p>Task 002 - Ensure the ICT dependencies and requirements of the business are fully understood and reflected in ICT operational services, ICT infrastructure / platforms, ICT continuity plans and ICT recovery processes</p> <p>07 August 2013 Major incident communication process working well. ICT resilience measures in place for County Hall power outage scheduled for 7th Sept. Identification of critical ICT dependencies will start once BIA data available. 8 Oct 2013 - ICT resilience measures ensured continued availability of planned ICT services during planned County Hall Maint power outage</p> <p>Task 003 - Ensure the increased availability of ICT platforms and services through planned migration of data centre services from County Hall and Carrow House to more appropriate and resilient environments</p> <p>07 August 2013 DNA project progressing well and contract award expected Oct 2013. Data Centre Resilience project complete and post project review report to be published Sept. Interim options to provide increased resilience until DNA solutions available being investigated. 8 Oct 2013 - DNA contract award due Nov, will include relocation and migration of ICT platforms from County Hall</p> <p>Task 004 - Ensure provision of appropriate ICT support for business services operating outside of standard business hours</p> <p>07 August 2013 Ongoing, situation under review. Provision of a formal ICT out of hours support service is included within scope of DNA Programme. Maintaining existing stand-by provision to ensure ICT response to a major out of hours incident. 8 Oct 2013 - no change</p>	2	3	6	31/03/2014	Amber	Tom Baker	Ann Carey	08/10/2013
C	Information Management	RM13968	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	30/09/2011	3	5	15	3	4	12	<p>An Information Compliance Group (ICG) has been set up with responsibility for developing policies and procedures and monitoring compliance with the DPA. New staff, volunteers, and contractors' employees do not have unsupervised access to the council's computer facilities or personal data until they have completed the data protection and information security courses (e-learning and workbook based options are provided). Refreshers at no longer than 3-year intervals are mandatory. Completion of courses is monitored and 'overdue' completions are reported to COG and line managers. In areas where sensitive personal data is held, a) rules have been introduced to ensure that recipient information is accurate before the data is sent out of the council, and b) communications plans to reminding staff of procedures are in place.</p> <p>A standard procedure for notifying, investigating, categorising the seriousness, and addressing the causes of, breaches of the DPA is now in place. Incidents are notified to and logged by the Corporate DP Officer who submits weekly reports to the Chief Information Officer and monthly updates to the ICG. COG, advised by the the Chief Information Officer and the Monitoring Officer, is required to confirm whether a breach should be notified to the Information Commissioner. In future regular reports to be provided to Departmental SMTs</p>	1	4	4	31/03/2014	Amber	Tom Baker	Stephen Livermore	16/09/2013

C	Procurement	RM14080	Failure of tender process	If we do not manage the commissioning and tendering process effectively we may be subject to legal challenge from an unsuccessful bidder or we may appoint a bidder which is not capable of delivering the contract effectively.	16/10/2012	3	5	15	2	4	8	1) Implement a document automation system to make tender processes more consistent. 2) Further training for staff managing tender evaluation processes.	1) A product called HotDocs has been procured, implemented and to be rolled out by September 2013 2) Staff received 2 days of category management training in November. 3) Reviewed 30 July 2013 - no change to score - prospects remain green. 03 October 2013 AI Collier update - Transfer risk owner to AI Collier - HotDocs roll-out delayed due to other pressures. Scores to remain, however target date to be revised to 31 March 2014.	1	4	4	31/03/2014	Green	AI Collier	AI Collier	03/10/2013
C	Procurement Business Continuity	RM14081	Failure of supplier	If a supplier fails to deliver in accordance with the contract (because of insolvency, capability issues, lack of contract management or a poorly drafted contract) we may be unable to deliver services to the required standard or we may incur excessive costs	16/10/2012	3	5	15	2	2	4	BCS002 - added 28.01.2013 AI Collier Ensure that appropriate business continuity provisions are included when new business-critical contracts are let 1) New staff to fill vacancies in supplier relationship management team 2) Improved training for contract management staff	30 July 2013 AI Collier Update 1) Three new members of staff have joined the supplier relationship management team. 2) Two members of staff have attended negotiation training. More training will follow. 3) Likelihood score reduced to two based on implementation of actions. Target date revised to 30 September 2013 to monitor future progress. 03 October 2013 AI Collier Update - Transfer risk owner to AI Collier and amend current impact score to two - target now met.	2	2	4	30/09/2013	Met	AI Collier	AI Collier	03/10/2013
C	Finance	RM14094	Failure to deliver planned budget savings in 2013/14	The risk that planned budget savings are not delivered in full and on time could lead to imposed in-year cuts and reductions in planned service delivery. This could impact on services delivered to the public, as well as generating adverse public and media comment if cuts are made in areas that were not included in the Big Conversation.	31/01/2013	3	3	9	3	3	9	• Regular and robust monitoring and tracking of in-year budget savings by COG and members • Regular finance monitoring reports to Cabinet and Scrutiny Panels	Currently there are no indications that the required savings will not be delivered. The position will be continually monitored and reported to COG and Members during the year.	2	3	6	31/03/2014	Green	Peter Timmins	Harvey Bullen	07/10/2013
C	Finance	RM8680	Failure to recover outstanding funds from Icelandic banks	Norfolk County Council fails to recover monies outstanding from Icelandic banks.	01/10/2008	3	5	15	1	5	5	• Maintain a high level of scrutiny of the position by officers and Treasury Management Panel • Receive and critically review latest advice from the legal teams acting on behalf of all UK local authorities.	On 28 October 2011, the Icelandic Supreme Court upheld the decision of the Icelandic District Court and confirmed priority creditor status for local authorities in the winding up of Landesbanki and Glitnir. The latest projected cash recovery for the three Icelandic banks is £32.376m. To date £22.845m has been recovered and a further £1.729m is subject to currency restrictions imposed by the Icelandic Government. The recovery process continues to be monitored by the Treasury Management Panel and is also reported to Cabinet.	1	5	5	31/03/2014	Green	Peter Timmins	Harvey Bullen	07/10/2013
D	Norse - Finance	RM14036	Failure to clearly define and communicate the vision and objectives for the Norse Group	Failure to clearly define and communicate the County Council's ownership vision and objectives for the Norse Group to the Norse Board could lead to a divergence of direction between the two. This may result in the Norse Group pursuing a direction contrary to the Council's vision.	01/11/2011	2	4	8	2	4	8	•The County Council as controlling shareholder should develop a document setting out its vision and objectives for its ownership of the Norse Group Ltd and ensure this is communicated to the Norse Board. •The County Council to set out clearly its commercial expectations and define its risk appetite regarding Norse Group.	An overarching document is being prepared based upon a collation of pre-existing information. This will need member sign off prior to issue to the Norse Board. The expectations and the risk appetite are to be covered in the process above. Update 19 June 2013 - Meetings to be arranged with new administration to discuss how this will be progressed. Update 08 October 2013 - New document has been prepared and is due to be published. This will clarify how the relationship between NCC and Norse will operate across the board and give guidance on how this issue will be addressed. Target date revised to 31 December 2013. No change to current scores.	1	4	4	31/12/2013	Green	Peter Timmins	John Holland	08/10/2013
D	Norse - Finance	RM14037	Failure to establish an appropriate governance framework for the Norse Group	If the County Council fails to establish an appropriate governance framework that demonstrates robust stewardship of its ownership of the Norse Group it may lead to the County Council being unaware and therefore unprepared for any adverse effects as a result of the Norse Group failing in total or in part or not meeting expected performance standards. This could result in financial pressures and may impact negatively on the County Council's reputation.	01/11/2011	2	4	8	2	4	8	•NCC Officer meetings, including representatives from finance, HR and legal should be re-established and meet quarterly prior to Norse quarterly Board meetings. Previously established terms of reference could be used or reviewed. •A process should be created that ensures Members who sit on the Norse Shareholder Committee adequately feed back the outcomes of its meetings to their political groups, subject to the constraints of commercial sensitivity. •NCC should establish appropriate Key Performance Indicators (KPIs) or triggers to assist in assessing any action necessary from review of relevant financial reports from the Norse Group. •NCC should establish a process to follow in the event of KPIs or triggers being breached. •Norse Group should ensure two reports continue to be presented to Members each year.	Meetings to be re-established and Norse is to provide dates for Board meetings. KPIs are being developed. Once developed, a process to follow in the event of KPIs or triggers being breached will be established. Follow up with Norse to ensure two reports continue to be presented to Members each year. Update 19 June 2013 - Meetings still being arranged. Reports are happening and new member representation is taking shape. Update 08 October 2013 - New document has been prepared and is due to be published. This will clarify how the relationship between NCC and Norse will operate across the board and give guidance on how this issue will be addressed. Target date revised to 31 December 2013. No change to current scores.	1	4	4	31/12/2013	Green	Peter Timmins	John Holland	08/10/2013

D	Norse - Procurement	RM14039	Award of a contract to the Norse Group without a tender exercise	In some circumstances, award of a contract to some Norse Group companies without a tender exercise may be challenged as an 'illegal direct award'. A successful challenge could lead to the contract being set aside (if it is for goods, works or 'Part A' services), and/or to the award of damages (any contract). This would negatively impact on the County Council's reputation	01/11/2011	2	3	6	1	3	3	<ul style="list-style-type: none"> ●Implement a programme of awareness training, and tighten up ordering processes to avoid inadvertent breach of the law. ●A programme of awareness training has been implemented and ordering processes are being standardised to avoid inadvertent breach of the law. ●Implemented a new vendor category, "Teckal", so that we can run reports against "Teckal" and non-Teckal spend with Norse ●Introduced the concept of an "Ultimate Parent Entity" so that all spend with Norse can be reviewed together ●Tightened up on invoicing so that payment is recorded against the correct Norse entity - invoicing issue now fixed. ●Trained commissioners and others ●Previous issue with passenger transport work apparently being invoiced by the wrong Norse entity now resolved. ●Through Enterprising Norfolk have started to look across the board at all spend with Norse which gives opportunity to make sure correct contracts are in place. ●However, there are residual issues around NPS commissioning work from non "Teckal" parts of Norse on behalf of the council. <p>03 October 2013 - AI Collier update - confirmed amended score and all mitigations in place - Target now met.</p>	1	3	3	31/12/2013	Met	AI Collier	AI Collier	03/10/2013
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Report to Corporate Resources Overview and Scrutiny Panel November 2013

Item No...14

Customer Services Strategy – 6 month progress report

Report by the Head of Customer Services and Communications

Summary

Norfolk County Council approved the Customer Services Strategy 2011-14 and its associated action plan in November 2011. As this strategy forms part of the Council's policy framework, its approval is a matter for decision by full council.

Performance against the strategy and its objectives is a matter of overview and scrutiny by the Corporate Resources Panel. The Panel set the reporting schedule at six monthly intervals. This report is the fourth since the strategy was agreed and updates Members of progress in the six months following the panel's last scrutiny.

In summary, it notes further progress in helping take the strategy forward, it identifies the need to refresh the strategy to take account of such matters as the council's revised strategic aims and priorities and the opportunities afforded by Digital Norfolk Ambition to improve customer service, maximise efficiencies and where, agreed to be mutually beneficial, support the wider sharing of public services in Norfolk and beyond.

There remains a need to achieve greater consistency in customer service performance across the council as a whole and widen the greater use of customer information to plan, change and improve services. Such objectives are firmly incorporated in the work currently underway as part of the 'Norfolk – Putting People First' transformation agenda and any revised strategy will also need to reflect and support that.

It seeks CROSP views on how best to ensure Member engagement in this process.

Action required:

Members of CROSP are asked to receive this report and comment on its content.

1. Background

- 1.1 Norfolk County Council's Customer Service Strategy forms part of the Authority's policy framework and as such is subject to approval by full council. The County Council approved the new strategy and associated action plan at its November 2011 meeting.
- 1.2 CROSP members asked to keep progress with the strategy under review at six monthly periods. This is the fourth such report since the new strategy was agreed.
- 1.3 The strategy has four key objectives that support the delivery of the Authority's core role and aspirations. In particular it helps ensure we are signposting and guiding people to the services and information they need efficiently and at the same time delivering good quality, value for money services to the people we serve. The objectives are:
 - To deliver a consistently high-quality customer experience for people contacting Norfolk County Council
 - To ensure all customer transactions or journeys are as efficient as possible
 - To ensure that the Council's customer services reflect and respond appropriately to changing customer needs and behaviours
 - To build and promote greater knowledge and understanding of, and learning from, customer information and experiences in order to continually improve service delivery.
- 1.4 By focusing on the need to deliver services through the most efficient customer channels, and by gathering and using customer insight more consistently, the strategy also supports a stronger focusing of activity and investment on delivering what is most important to our customers.
- 1.5 Through greater automation of processes and moving as much as possible into the shared contact channels, we can reduce waste, cut out processes that do not add value to the customer experience of our service and allow our most skilled people more time to deal with the customers who have the most complex needs.
- 1.6 A central theme of the strategy is to help support and enable staff to embrace different ways of working and thinking about how we deliver our services - putting the customer, and customer insight, at the heart of service planning, design, commissioning and delivery.

2. Progress against objectives

- 2.1 The Customer Service Strategy has a very detailed delivery action plan, which is on track in most areas. A full update on delivery against each of the actions was provided in the previous report. This report highlights notable areas of change, progress or delay since then.

3. Objective 1: To deliver a consistently high-quality customer experience for people contacting Norfolk County Council

3.1 We know what our customers experience is through a number of means.

- Direct feedback from them
- The annual tracker survey
- Other resident's surveys
- Mystery shopping exercises
- Surveys we conduct proactively ourselves and online
- Benchmarking exercises
- Engagement work with customers generally, and people who may have specific difficulties in accessing our services because of their personal situations.

3.2 We use this information to make improvements.

3.3 In the previous report we presented the results of the annual postal customer satisfaction survey conducted on our behalf by Ipsos MORI. Performance reporting since then is as follows:

- We are part of a benchmarking group of local authorities and take part in mystery shopping of our telephone, email and web services. During this reporting period we received the results of most recent waves of the Local Government Customer Service Benchmarking Group where we came top for the telephone, email and web results. We receive feedback on the service we have offered and use this information to make changes to our services or provide training and coaching to the team.
- We have previously routinely surveyed a proportion of customers of our telephone and email services by contacting them to find out how satisfied they were with the service they received from us. In this period we trialled a different approach and invited Your Voice panel members to mystery shop our telephone and email services in June and July. Although the number of participants was lower than we had hoped for (25 telephone responses and 18 email responses) we were pleased that 92% of telephone customers and 94% of email customers said they were satisfied with the service received. We have used the feedback we received to make changes to the services we offer or provide training and coaching to the team
- Online services - we are part of a benchmarking customer satisfaction survey on our website, where one in five visitors are asked once only to give us their view of the website and how well it met their need on that visit. Year to date customers have rated us with an overall satisfaction score of 78% (against a target by 2014 of 85%) and compared with our

benchmark group of 12 county councils we were 9th in August (target is to be in the top half). We use the feedback received from this survey, feedback that we get through the Customer Service Centre or directly from web customers to make immediate changes to the website and to inform web content review projects.

- Complaints – although we cannot always give the hoped for response for customers who complain to us, we want them to be satisfied with the way we handled their complaint. Following the resolution of most complaints we ask customers for their feedback and use it to make changes where necessary. We continue to focus strongly on ensuring a friendly, plain English response to letters even on complicated complaints, and response turnaround times.

4. Customer Service Standards

4.1 We know customers are more satisfied with the services they receive when they are clear about the level of service they should expect when they get in touch or use our services. Since 2001 NCC has had a simple set of customer service standards that focus on making sure we provide a timely response to customer contacts. The Customer Service Strategy had an action to replace these with a Customer Promise that goes beyond simple response times and sets out what customers can expect from us. We have made some progress on this action engaging many staff in this work, it means we will have updated and widened standards ready for agreement by the end of March 2014.

4.2 However, for the organisation to be confident that its services match the promise, all staff need to be very clear about the behaviours expected and necessary to do so and exemplify them in their daily dealings on the council's behalf. This aspect of the work is now part of the organisational project that will ensure the necessary development and action to support the 'Norfolk - Putting People First' agenda. This is being led by the Organisational Development Manager under the leadership of the Acting Managing Director.

5. Face to face access – funding of the Citizens' Advice Bureaux

5.1 As part of our customer access arrangements, we fund Norfolk's Citizen's Advice (CABx) who provide an advice and information service to people who are frequently most in need and who may not otherwise have access to the services and support they need.

5.2 At present this funding equates to £364k a year and the grants are provided on the basis of annual service level agreements. Despite the funding reductions of the past few years we have protected this grant in the knowledge of rising demand for CABx services.

5.3 Colleagues in Community Services have developed and adopted a more strategic commissioning approach for specialist information

advice and guidance services. Given the links between the generalist advice we fund under this strategy through the CABx and these specialist advice contracts, we have now moved the budget and the management of the CABx funding to the Community Services' Integrated Commissioning Team. In this way, the council is better placed to ensure the coherence of all its commissioning for external provision of information, advice and guidance. The new arrangements for such funding will come into place after 31 March 2014. CABx have been advised of the new arrangements and discussion with the council's commissioners will commence shortly.

6. Objective 2: To ensure all customer transactions or journeys are as efficient as possible

6.1 Avoidable contact – customers sometimes contact us where they shouldn't need to if we had all aspects of the service right first time. These are called 'avoidable contacts' and we measure our performance in this respect.

6.2 An example of an avoidable contact would be if a customer had to get in touch because a letter we sent them was not clear, or had to chase us about something they have already contacted us about. Avoidable contacts are not just inconvenient for our customers; they add unnecessary costs to NCC.

6.3 We track avoidable contacts through the Customer Service Centre and highlight to services where these are happening. Where possible we make changes in the CSC, or encourage services to put in place the changes necessary to reduce them.

6.4 In 2012/13 avoidable contacts made up about 18.5% of the total contact volumes. Through the strategy we have a target to reduce these to 14% (1 in 7 contacts) by April 2014, so we have some way to go.

6.5 It is not possible to reduce avoidable contacts completely as it is the choice of a customer whether or not they contact us, but we can influence it by improving our information, the quality of our letters, and our processes. A recent, and very high profile example of avoidable contacts, was when we received high volumes of customers chasing their blue badge applications. Community Services took steps to deal with the back log of applications that had built up, put in place an improved ICT system so customers could track online the stage their application had reached, and worked with a third-party supplier to further improve the process. In the meantime Customer Services made recorded information available so customers did not need have to speak to a member of the team to get the information they needed.

6.6 Some avoidable contacts are harder to reduce. For example parents and carers are understandably anxious to hear about the school places

for their children, and although the School Admissions team take every opportunity to let parents know the date on which they will hear, we still receive a large number of calls as we approach that date with parents calling to see if they can find out earlier. Again to help manage these avoidable contacts we now make recorded information available when customers call close to the end of school admission rounds to remind them of the date without the need to speak to a member of the team.

- 6.7 One area of avoidable contact we are particularly keen to reduce is when customers call us and say that they have already tried to find the information or apply for a service online but couldn't find it. On average it costs about £4.36 for us to handle a customer enquiry by phone compared with about 9p to handle a customer enquiry online, so making sure customers who start online can deal with their enquiry helps improve customer satisfaction and reduce our costs.
- 6.8 Our Customer Services team log such avoidable contacts and feed them through to the Web Content Team, who then work with services to make the necessary changes. As an example, in August, we fixed six pieces of out of date or missing information and three out of date entries on the community services directory as a result of customer feedback and improved three online forms. In addition changes were requested of and made by two district council websites following feedback via our CSC.
- 6.9 The final main area of avoidable contact we record is where customers get in touch with us about services we are not responsible for and don't deliver. For example people often contact us about refuse collection, which is a responsibility of district councils rather than the county council. At the same time we know they also sometimes contact our colleagues at district councils about our services.
- 6.10 Although we continue to work hard with our district colleagues to make sure our communications are clear, also we try to make sure that, from a customer's perspective, there is no "wrong front door". We do this by either providing the information they have asked for using the relevant website, or we transfer them to the right place, or we signpost them. This is an area of avoidable contact we are unlikely to be able to reduce significantly.
- 6.11 For example we, and district councils, have worked hard together to let customers know that we now provide concessionary bus passes, but there is still confusion. In the shared interests of our customers, we agreed that district receiving a call would fill in our online application form, adding a link directly to our application form from their websites. This has made the customer experience much better, but from their (district) performance reporting perspective, these remain avoidable contacts.

7. Improving our online information and services – during this period the web content team have continued to improve our online services both through ad hoc updates, where about 500 changes are made to the website each month, and through web content review projects. Web content review projects are where we work with subject specialists in departments to review, restructure and rewrite content, add new features and online transactions. Recent content reviews have included adding a new section about child and adolescent mental health, new information about the funding for two-year old childcare and early learning places for eligible families (including the ability to request an eligibility check online), improved information around food waste, composting and conservation (including videos), a revamped section on our registration services, information about the Putting People First consultation, and material to support marketing initiatives such as the “Keep your mind on the road” campaign.

8. Working with service departments on customer service projects - We continue to work within projects led by service departments that aim to improve the customer journey and customer experience and continue to identify future projects with the Corporate Programme Office.

8.1 In this reporting period we have:

- Worked with colleagues from Travel and Transport Services on the implementation approach for the Smart Card for travel on Park & Ride services.
- Contributed to the development of a project that will look at touch tone telephone payments, with colleagues from the finance shared service.

9. Objective 3: To ensure that the Council’s customer services reflect and respond appropriately to changing customer needs and behaviours

9.1 Improving the service directory – increasingly our role is to signpost customers to relevant services from a range of other providers, the main way of doing so is through the service directory on our website. Customers use this facility online; staff in our customer service centre use it to help deal with enquiries from people who phone us.

9.2 We have had feedback from some service users about it being difficult to use and from some service providers about it being difficult to add and update their information. So we are now working with colleagues from the NHS and voluntary sector and NCC staff to improve the layout, ease of searching, ease of adding and maintaining data and overall governance.

9.3 In the last report we set how the Customer Service Centre had expanded to include a new Social Care Centre of Expertise in April.

- 9.4 This new service has now been operating for six months. The focus for the first quarter was on the safe transfer of this vitally important care service. We wanted to ensure the new arrangements continued delivering the high quality and safe service developed in the previous Care Connect service operated by the Community Services. We have worked hard to build and develop a consistently customer-focussed culture in the new integrated teams and fill vacancies that we had when the service first went live.
- 9.5 In the second quarter we have worked on improving quality and consistency, providing a consistent approach to training and development and starting to build a coaching and mentoring approach to continuous quality improvement.
- 9.6 From this quarter onwards, with six months service information in hand, we are now concentrating on opportunities to improve efficiency by investigating activity currently delivered in the Centre of Expertise which can safely and appropriately be delivered by the Customer Service Centre team in one customer contact or online for the customer to self serve if they choose to. This will help not only provide a better experience for some customers and reduce the cost of those contacts, it will also ensure we protect more time from our specialist resource to deal with those people who need their particular skills.
- 9.7 We are also working with colleagues in Community Services to establish whether and where some activity currently being done in specialist teams around the County could be delivered in the Centre of Expertise. Again the objectives are to ensure customers tell their stories as few times as possible and have simple and easy access to the services and information they need, but also, that people who really need specialist social care advice and support receive it in a timely and straightforward fashion.
- 10. Objective 4: To build and promote greater knowledge and understanding of, and learning from, customer information and experiences in order to continually improve service delivery.**
- 10.1 Customer Insight** - the strategy is clear about the increasing need for the authority to understand our customers better so we can meet needs, improve satisfaction and help reduce cost. At present, we have within the service a customer insight manager who, among other things, helps ensure we use the information we get through the access channels to achieve these objectives.
- 10.2 In this reporting period, to better understand the customer experience of NCC's services, we have refined an analysis tool that enables us to bring together and analyse customer information held across all areas of Customer Services to help identify opportunities to reduce costs and improve services.

- 10.3 We have used this approach with the Highways service to help identify opportunities to streamline and reduce internal processes within customer services operations and the Highways service that can deliver reduced unit costs and maintain customer service.
- 10.4 We have also developed new ways of understanding the needs of different types of customers, piloting a revised approach with the library service to contribute to the development of the new layout at Thetford Library, and with the Communities service for the delivery of domiciliary care.
- 10.5 Going forward, the council plans to increase its understanding and use of customer insight tools and techniques by incorporating customer insight within a new organisation-wide, business intelligence function. We have developed a position statement to describe the customer insight requirements to contribute to the shaping of this new shared service.
- 10.6 In advance of this change we continue to work to build customer insight capacity, and in this period we have provided training for the Norfolk Trails team. This will help them to better understand who is and isn't using the service so they can focus on activity to maximise the economic and health benefits of the trails.

11. Next steps going forward

- 11.1 The current three year strategy ends in 2014 and so work needs to begin now to refresh it.
- 11.2 In taking it forward and agreeing any new action plan to deliver it the Council will want to take into account a number of factors where current and future context and opportunities are concerned. For example:
- As part of its 'Norfolk – Putting People First' agenda, the County Council has set a new strategic aim and priorities and is refreshing its organisational model and design. Efficient and simple customer access through 'front door' services will remain key.
 - Cross cutting reviews carried out to help the savings agenda, combined with a review of the project programme portfolio have identified the need for a stronger, corporate focus on cross cutting enablers that will support and help deliver rapid change and transformation. The access channels – particularly the web and telephone - and a faster move to greater online and telephone transactional ability are key to this agenda.
 - As part of Digital Norfolk Ambition, the Authority will shortly have agreed a contract for a very ambitious strategic partnering arrangement that will enable it to take a radical step forward in information

management and sharing and customer transactions. It will also ensure strong and secure ICT infrastructure platform for Norfolk - enabling us to share services much more widely and effectively with others.

- The opportunities presented by Digital Norfolk Ambition and the funding issues common across the public sector make it a timely moment to consider a wider and even longer-term vision for the Customer Access Strategy - one that considers with others, the potential benefits of sharing customer access channels more broadly.
- Since the last strategy was agreed, we have seen a dramatic shift in the use of mobile devices to access services and information, this has of itself, continued to drive change in customer expectations. We will also need to reflect changes and progress in broadband and mobile telephone coverage.
- The continued downward pressure on public finances sees authority currently consulting on savings proposals to help bridge a forecast shortfall of £189m over the three years commencing April 2014. This makes it even more important to focus even more sharply on digital delivery and channel shift to help meet changing customer expectations, manage rising demand and drive-out maximum savings that and support direct service commissioning or delivery.
- Feedback from the Norfolk – Putting People First consultation in so far as it reflects aspects of the council’s customer service delivery.

11.3 The Customer Service Board, (an officer group), that oversees the implementation of this strategy will shortly consider a proposed process and timetable for developing the new strategy. When we developed the current one, we used the outputs from a CROSP Member workshop to inform it. Members may consider a similar approach beneficial, or have other ways of ensuring active Member engagement in its development – such as a Member Reference Group to work alongside the Board. Members’ views will be welcomed and appreciated.

12. Section 17 Crime & Disorder Act 1998

12.1 The direct implications have been considered and the impact on crime and disorder is not judged to be significant in this instance. However by providing easy and efficient access to services that promote community safety or help prevent or deal with such issues, the strategy will assist the Council meet its responsibilities under the Act.

13. Equality Impact Assessment

13.1 The Customer Service Strategy aims to improve accessibility for all, and more specifically, to reduce overall demand on specialist services to ensure easier availability for the most vulnerable members of society and those with complex needs.

13.2 As such it is assessed to have a positive impact. Norfolk County Council regularly reviews with customers the accessibility of the access channels. The recommendations in this strategy around our online offerings will support the national digital inclusion agenda and further improve accessibility for customers with specific needs.

14. Action Required

Members of CROSP are asked to receive this report and comment on its content.

15. Background Papers

Norfolk County Council's Customer Service Strategy 2011-14, and accompanying action plan, as approved by full Council, 28th November 2011

www.norfolk.gov.uk/view/cabinet141111item15pdf.pdf

16. Officer Contact

If you have any questions about matters contained in this paper please get in touch with: Joanna Hannam 01603 222969

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Recruitment of Senior Managers at NCC

Report by the Acting Head of HR

Summary

Members requested to scrutinise the topic

“Norfolk County Council has to be very careful on the recruitment of new officers as we have lost several experienced officers in this time of financial restraint.”

This report outlines

- Context of recent turnover of senior staff
- Our approach to senior recruitment
- Role of elected members in senior recruitment
- How senior pay is determined.

Members are invited to note the report and to ask any questions in relation to this topic.

1. Context of recent senior staff turnover

- 1.1. This report refers to Senior Staff, being Chief Officers and Heads of Service.
- 1.2. There have been very few changes to senior management in the county council in recent years and this group of employees has been characterised by its stability. In due course there is bound to be change, arising from natural retirements, career progression and promotion, personal aspiration etc. Norfolk County Council is relatively unusual in maintaining such stability over quite a lengthy period.

2. Our approach to senior recruitment

- 2.1. When a senior vacancy arises, it is important to assess whether the post will be filled in the same way as before or whether there are any changes required to the orientation, skills set or responsibilities of the role. An assessment also needs to be made whether the organisation can accommodate a period of vacancy or whether interim management is necessary. A permanent vacancy is normally filled by someone making a positive career step to a higher role. It is very unusual to fill a Director level vacancy by recruiting another experienced Director. It is normally filled by an Assistant level candidate seeking career development. If the circumstances in the organisation require immediate recruitment of a mature professional, then appointment of an interim manager provides that expertise in the short to medium term. Such decisions are made in consultation with the Leader and cabinet member.

- 2.2. A decision is also made whether to go to direct advertisement and to handle the recruitment in-house, or to commission professional expertise of Executive Search consultants. For the most senior roles, or those where it is anticipated that there is a difficult recruitment market, or a small pool of candidates, then experience shows that executive search consultants can encourage candidates and give objective advice to both candidates and the authority. They can handle any queries a candidate may have but may not wish to ask, and they can provide the authority with advice and expertise on the available market conditions, including pay and other terms and conditions.

3. Role of Elected Members in senior recruitment.

- 3.1. The appointments process for senior officers is governed by the Council's Constitution. Personnel Committee will establish an Appointments Panel from its membership. The panel will also usually include the relevant Cabinet member where he/she is not a member of Personnel Committee. This panel is involved in short listing and interviewing and is responsible for making a recommendation to appoint. Any recommendation to appoint is confirmed by Cabinet. Members who are not part of this process are often given the chance to meet candidates informally as members of the relevant Scrutiny panel or other appropriate stakeholder group, during which they have the opportunity to offer feedback on their views which are conveyed to the formal interviewing panel. This is a part of the process which is appreciated both by elected members and the candidates.

4. How senior pay is determined

- 4.1. The Council's pay policies and practice are designed to demonstrate proper diligence in safeguarding public money, to compete effectively for excellent people in the jobs market, and, in compliance with legislation about transparency in reporting of senior pay, to show to taxpayers how their money is being spent. The Council's policies on matters relating to senior pay are set out in the Pay Policy Statement, which is reviewed annually and published on the Council's website at <http://www.norfolk.gov.uk/view/NCC103927>.

5. Senior Management Review

- 5.1 Members will be aware of the recent report to Cabinet proposing new arrangements for the Senior Management structure. It is currently out to consultation with Chief Officers and the County Management Team and a final report will go to County Council on 25 November.

6. Equality Impact Assessment

- 6.1 There are no Equality implications of this report, which is for information only.

7. Section 17 – Crime and Disorder Act

- 7.1 No implications.

8. Any Other implications

8.1 There are no other implications to take into account.

9. Conclusion

- 9.1 The County Council has built into its policies and procedures a significant level of scrutiny and control; over recruitment of senior officers and the determination of their pay. We are fully compliant with legislation, transparency and the council's constitutional requirements, as well as professional best practice. Member involvement in the process is well established and is spread across all parties.
- 9.2 Members of CROSP are invited to note this report and to ask any questions in relation to this topic.

Background Papers

The Council's Pay Policy Statement, published on the Council's website at <http://www.norfolk.gov.uk/view/NCC103927>.

Officer Contact

If you have any questions about matters in this paper please contact Audrey Sharp, Acting Head of HR, 01603 222796, audrey.sharp@norfolk.gov.uk



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