

Corporate Resources Overview and Scrutiny Panel

Minutes of the Meeting Held on Tuesday 12 November 2013
10:00am Edwards Room, County Hall, Norwich

Present:

Mr C Jordan (Chairman)

Ms E Corlett	Mr D Ramsbotham
Mr A Dearnley	Mr W Richmond
Mr T Garrod	Mr B Spratt
Mr s Hebborn	Mrs A Thomas
Mr I Mackie	Mrs C Walker
Mr J Mooney	Mr B Watkins
Mr R Parkinson-Hare	Mr T White
Mr A Proctor	

Non-Voting Cabinet Members:

Mr S Morpew	Finance, Corporate and Personnel
Mr D Roper	Public Protection

Other Members in Attendance:

Mr R Bearman	Mr R Coke
Mr B Borrett	Dr M Strong

1 Apologies and Substitutes

1.1 Apologies were received from Mr S Clancy (Mr T Garrod substituting), Mr P Hacon (Mrs C Walker substituting) and Miss A Kemp.

2 Minutes

2.1 The minutes of the meeting held on 15 October 2013 were approved and signed by the Chairman.

3 Declarations of Disclosable Pecuniary Interests (DPI) and Other 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 Public Protection reported that the two recent periods of strike action by the Fire Brigade Union had passed quietly. The Fire and Rescue Service had received considerably less calls than during a comparable period. Further strike action was planned for Wednesday 13th November 2013, and plans were in place to ensure adequate cover.

8 Scrutiny Forward Work Programme

8.1 The Panel received the annexed report (8) by the Head of Democratic Services. The report asked Members to review and develop the programme for scrutiny.

8.2 During the discussion the following points were raised:

- It was suggested that the proposed County Farms scrutiny could consider sources of revenue around renewable energy and opportunities for the County Farms Estate arising from this. It was agreed that the scrutiny should focus on maximising the revenue of the estate while remaining a good landlord to the tenants.
- It was suggested that the application and allocation process could be scrutinised. It was confirmed that the scrutiny undertaken in 2008 had covered the application and allocation process, and that information could be sought from that report. It was confirmed that applications for holdings were based on professional business plans, and that an overview of this process could form the basis of a future update report. It was suggested that the administrative processes of the two land agents involved in running the estate could be scrutinised to ensure that they were working to the same criteria.
- It was agreed that a working group of six members would be set up to scrutinise County Farms.
- It was suggested that a scrutiny of the authority's exposure to risk could be considered, with particular reference to procurement and insurance. It was confirmed that risk was scrutinised by each overview and scrutiny panel, and that the Audit Committee received detailed risk registers as part of their remit. It was agreed that a briefing on the authority's approach to risk management would be circulated to members (Appendix 2).

8.3 The Panel **RESOLVED** :

- to note the report and agree the scrutiny topics and reporting dates.
- to set up a working group to scrutinise County Farms, comprising Councillors

White, Mackie, Spratt, Ramsbotham, and Dearnley (Labour representative to be appointed).

- to receive a written briefing on the authority's approach to risk management.

9 Report of the Constitution Advisory Group

Part 1 – Annual Review of the Constitution - 2013

9.1 The annexed report (9) by the Chairman of the Constitution Advisory Group was received. The report set out the recommendations of the Constitution Advisory Group, which had carried out its annual review of the Council Constitution.

9.2 During the discussion the following points were noted:

- It was confirmed that public questions to full council meetings had been considered, with the recommendation not to extend the current arrangements. A well established petition scheme was in place with appropriate thresholds (for example 10,000 signatures triggering a full council debate). E-petitioning was available.

9.3 The Panel **RESOLVED**:

- to recommend the amendments to the Constitution contained within the report to Full Council.

Part 2 – Committee Form of Governance

9.4 The annexed report (9) by the Chairman of the Constitution Advisory Group was received. The report set out the work undertaken by CAG and asked the Panel to consider CAG's conclusions and recommendations

9.5 During the discussion the following points were noted:

- The indicative costs presented within the report had been drawn from the cost of servicing Cabinet meetings, and translated to Committees. These costs could be scaled according to the complexity of any committee governance system, however the figures presented were designed to indicate potential costs associated with a new style of governance.
- The number of committees and changes to the Constitution would be determined by Members, with support provided by officers.
- There was an element of the cost of committees which would relate to mileage, and would be scaled according to the distance travelled by members.
- It was noted that matters such as travel payments for members attending to make representations to Cabinet would be considered along with other more detailed work on the Constitution.
- The overall leadership of the Council would be a matter for decision by Full Council.

- It was suggested that a strong Council model would offer increased democratic involvement, therefore no Policy and Resources Committee was recommended.
- It was noted that in the Cabinet system decisions were transparent and that Cabinet Members were accountable for those decisions. It was agreed that an additional recommendation would be added stating that all decisions would be made by recorded vote to allow for transparency and accountability.
- It was confirmed that although the committee structure could be changed, the decision to move from Cabinet governance to Committee governance could not be changed for five years.
- The final committee structure would be determined by Members, and the suggested high level structure contained within the report could be adjusted as required.
- The Panel made one additional recommendation to those set out in part 10 of the report in that it was agreed unanimously to add an additional bullet point in 10(i), that any decisions taken by committee should be through a recorded vote to ensure public accountability.

9.6 With the above addition, the Panel **RESOLVED** (with 14 members in favour, 0 against and 2 abstentions) that there was sufficient information set out in the report to allow members to make an informed decision and therefore to refer the report (as amended) to the Council for its consideration.

10 Norfolk Energy Futures Ltd Annual Report

10.1 The annexed report (10) by the Investment Panel was received. The report described the annual report for Norfolk Energy Futures Ltd, submitted to Companies House. It described forthcoming projects and investment opportunities being developed by the company.

10.2 During the discussion the following points were noted:

- Any plans for photovoltaic cells at County Hall would be separate to the maintenance and refurbishment programme.
- Wind turbines were shown as fixed assets as they remained the property of Norfolk Energy Futures Ltd. This approach to presenting the information would continue as more projects were completed.
- The £531,000 shown in creditors related to the loan provided by Norfolk County Council who provided the initial funding.
- The relatively small income of £2,500 was due to installations being completed late in the financial year. A significantly increased figure was expected in future years.
- Investment plans would be presented to the Investment Panel and were waiting for partner and customer agreement.
- Assessment would be made of the impact of reduced government grants in relation

to green schemes. Adjustments on the projected savings and benefits would be made.

- It was noted that the contractors who supplied the wind turbines had gone into administration, however a long term maintenance package was being negotiated with the importer.

10.3 The Panel **RESOLVED** to note the report and to continue to support the Council investing in renewable energy projects through Norfolk Energy Futures Ltd.

11 County Hall Maintenance Programme

11.1 The annexed report (11) by the Head of Finance was received. The report provided an overview of the County Hall Maintenance Programme, highlighting additional refurbishment costs associated with providing modern, fit for purpose office accommodation that met current health and safety requirements. It was noted that a report presented to a previous Panel meeting had focussed on maintenance requirements to the structure and outside of the meeting, and that the latest report presented additional costs associated with refurbishment of the internal accommodation and fire safety installations. Savings were being made when satellite offices closed.

11.2 During the discussion the following points were noted:

- It was confirmed that the building did not comply with modern fire safety standards, and that the extent of the additional works had not become apparent until the structural survey had been completed.
- County Hall had never had a maintenance programme in place and had become neglected, resulting in serious structural and safety issues. The current maintenance programme would provide savings over the long term, and would provide a grounding for further ongoing maintenance.
- It was confirmed that carrying out internal refurbishment works at the same time as the necessary structural works provided the most cost effective solution. Budget proposals included the closure of satellite offices, bringing staff into County Hall.
- It was anticipated that between 700 and 800 additional staff would be accommodated in County Hall by providing smaller desks. Car parking policies would be reviewed as staff relocated. This would also encourage closer working between departments.
- It was acknowledged that improved facilities would be required with increased staff numbers. The whole County Hall campus would be reviewed with a view to better public access and small scale retail opportunities.

11.3 The Panel **RESOLVED**:

- To recommend to Cabinet that additional financial provision of £2.48< was included within the Capital Programme for essential fire safety and security works;

- To agree that further updates on budget and costs would be reported within the six monthly progress reports.

12 Service and Financial Planning 2014/17

12.1 The annexed report (12) by the Head of Planning, Performance and Partnerships and the Head of Finance was received. The report set out the financial and planning context for the authority and gave an early indication of what this meant for corporate resources.

12.2 During the discussion the following points were raised:

- It was confirmed that the Public Works Loan Board was usually the cheapest method of borrowing for a local authority.
- The money allocated for the health and social care Integration Transformation Fund was a mixture of new and existing funding. Allocation of the additional funding would be announced in mid-December, and opportunities for dialogue with government ministers were being utilised. The additional funding could not be included within budget calculations until the figures and criteria for using the funding were known. It was not yet clear whether it could be used against increasing cost pressures, or whether it would have to be used for new projects. Expenditure would need to be jointly agreed with the Clinical Commissioning Groups. The Public Health budget would be considered through the Corporate Resources Overview and Scrutiny Panel, and any new money would be considered through the Health and Wellbeing Board.
- The Public Health budget would be considered through the Corporate Resources Overview and Scrutiny Panel, and any new money would be considered through the Health and Wellbeing Board.
- A budget assumption had been made at 2% for inflation, however it was acknowledged that some services inflation would be higher than this.
- Changes to the model of governance in Norfolk would be included within the figures once the outcome of the Full Council debate on 25th November was known.
- In relation to the Northern Distributor Road, £86M of the £140M scheme would be provided by government grant, with an in principle agreement of further funding being provided by some of the district councils via the Community Infrastructure Levy. Short term borrowing may be required until this money became available. Borrowing was generally used for longer term assets, and the future servicing of any debt was assessed at the time of making a decision regarding whether to borrow.

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

13 2013/14 Resources Integrated Performance, Finance and Risk Monitoring Report

13.1 The annexed report (13) by the Head of Planning, Performance and Partnerships and the Head of Finance was received. The report provided an update on performance, finance and risk monitoring for services within Corporate Resources, and presented

information on managing change, service performance, managing resources and improved outcomes for Norfolk people. It was noted that the overspend shown within the Corporate Programme Office was an error and would be corrected for the next report. The latest dividend from the administration of Kaupthing, Singer and Friedlander had been delayed until December.

13.2 During the discussion the following points were raised:

- The £20.81M general balances reserve was for unforeseen expenditure. The authority had agreed to keep a minimum of £16M within the general balances reserve, as part of its financial risk management. Although this reserve could be used, it would only be available to fund expenditure on a one-off basis. In determining whether to use funding above the minimum agreed balance the level of financial challenge for the Council over the next few years would need to be considered in the context of good financial planning to ensure that the authority remained financially stable.
- The carbon and energy reduction project was expected to make savings which would increase over time, with a five year payback on investments.
- The Council was required to hold cash balances in order to manage cash flow. The financial benefits of repaying debt early would always be explored. Following the Icelandic Bank crisis in 2008, all councils had taken a more risk adverse strategy to managing cash balances.
- The Council was required to ensure that expenditure did not exceed available resources, being mindful of the level of reserves and cash balances which would fluctuate constantly.

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

14 Customer Service Strategy – 6 month progress report

14.1 The annexed report (14) by the Head of Customer Services and Communications was received. The report updated members on performance against the strategy and its objectives. The Head of Customer Services and Communications noted that the current strategy was coming to an end and that a new strategy was being developed in line with the pace of change in technology, and the Digital Norfolk Ambition programme.

14.2 During the discussion the following points were noted:

- It was confirmed that the total current funding for Norfolk's Citizens Advice Bureaux would be transferred to the Integrated Commissioning Team in Community Services at the end of the current funding period (April 2014). This change would bring together Norfolk County Council's funding of this service alongside that for specialist contracts related to information, advice and guidance services. The Integrated Commissioning Team had already started discussions with the Citizens Advice Bureaux about the potential future funding arrangements.

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

15 Recruitment of Senior Managers at NCC

15.1 The annexed report (15) by the Acting Head of HR was received. The report outlined the context of recent turnover of staff, the approach to senior recruitment, the role of elected members in senior recruitment and how senior pay was determined.

15.2 During the discussion the following points were noted:

- It was confirmed that the Personnel Committee would consider issues around recruitment to senior officer roles.
- The Acting Head of HR agreed to provide the budget figure for interim senior managers including agency costs, together with a comparison to costs for a substantive post holder (Appendix 3). It was noted that this was not a like-for-like situation and that permanent appointments would incur costs around learning and development, whereas interims could provide immediate experience.
- Each situation was assessed as to whether an interim with immediate experience was required, whether there could be a delay in appointing to a post, or whether a permanent position should be offered. It was acknowledged that in some cases it was appropriate to recruit senior managers with experience rather than those on a career development pathway.
- It was acknowledged that interims were appropriate at the present time, as they were needed to bring immediate expertise to a number of important council priorities, for example in Children's Services improvement programme, and the current financial situation. Experienced interims could guide the authority through the period of change.

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

The meeting concluded at 12noon.

CHAIRMAN



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Corporate Resources Overview and Scrutiny Panel
Tuesday 12th November 2013

Agenda Item Number/ Minute Number	Report Title	Action	Response
8	Scrutiny Forward Work Programme	Provide details of approach to risk manager.	See Appendix 2
15	Recruitment of Senior Managers at NCC	Provide the budget figure for interim senior managers including agency costs, together with a comparison to costs for a substantive post holder.	See Appendix 3

An overview of Risk Management at Norfolk County Council

The documents “Well Managed Risk - Norfolk County Council Management of Risk Policy” and “Well Managed Risk - Norfolk County Council Management of Risk Framework” are the basis for risk management activity throughout Norfolk County Council and they identify the principles that we, as a County Council, aspire to and list the main benefits to be realised by appropriate and effective risk management. These 2 documents can be found on the risk management website, details of which are set out at the bottom of this report. The risk management principles reflect the guidance found in both the ISO 31000 International Standard Risk management – Principles and guidelines and HM Government M_o_R Management of Risk: Guidance for Practitioners.

By adhering to the principles set out in the framework the County Council is able to realise the benefits that an appropriate risk management process provides. The framework delivers a standardised, innovative approach to the management of enterprising and certain operational risks as well as adopting a more consistent approach to the reporting of risk to Full Council, Cabinet, Committees, Overview and Scrutiny Panels, Chief Officers, boards and management teams at all levels.

The risk management framework describes a five stage process that, when followed will guide all those engaged in risk management to identify risks, develop, monitor and review risk registers and enable risks to be escalated to the appropriate level. It also provides guidance on who has specific responsibilities within the risk management arena.

The five stages set out within the framework and known as the “Core Phase” and are described as follows:

- Establish the context – this defines the basic parameters for risk management.
- Identifying the risk – this stage identifies anything that may affect the achievement of the County Council’s objectives or bring opportunities
- Analyse the risk – this develops a greater understanding of the likelihood of the event occurring within defined timeframes
- Evaluate the risk – this stage determines the risk score from the likelihood and impact criteria. The framework contains the relevant guidance matrices to determine the appropriate likelihood and impact scores
- Treat the risk – this stage identifies how the risk will be managed. There are four options, to avoid the risk (stop doing the activity), reduce the risk (improved training, better or alternative systems), transfer the risk (share the exposure through insurance cover) or tolerate the risk (continue with the activity knowing the risks)

Risks are identified through a variety of methods, include Service planning workshops, brainstorming workshops, one-to-one interviews, reviewing historical

information and lessons learnt logs. Risks are also categorised into areas such as political, economic, social, technological, legislative and environmental.

It is at this stage, once all the relevant information is collated, that a risk register can be compiled. The register will reflect those threats and opportunities that could hinder or enhance our objectives.

The register contains significant information such as:

- The risk description – a clear and precise description of the event
- The inherent risk score – this is the exposure arising from a risk before any action is taken
- The current risk score - the exposure at the time of review
- Tasks to mitigate the risk – those activities that will bring the risk score to the target risk score within the timeframe
- Progress update – the progress against the mitigation tasks the risk owners considers to have been made since the last review
- Target risk score - the exposure we are prepared to tolerate following additional treatments
- Target date – this timeframes the risk within the set time parameters
- Prospects of meeting the target score by the target date – the date at which the risk tolerance level is to be achieved
- The risk owner and the risk reviewer

Risk scores are calculated by multiplying the likelihood and the impact scores together using matrices contained within the framework and are colour coded for ease of reference as follows:

- Low 1-5 (Green) - Risks analysed at this level can be regarded as negligible, or so small that no risk treatment is needed.
- Medium 6-15 (Amber) - Risks analysed at this level require consideration of costs and benefits in order to determine what if any treatment is appropriate.
- High 16-25 (Red) - Risks analysed at this level are so significant that risk treatment is mandatory.

The risk registers are reviewed by the appropriate risk owners on a regular basis where they consider the current risk score and the prospects of the risk meeting the target score by the target date. The risk owner will take into consideration the mitigation tasks and the progress of those tasks to determine the prospects of achieving the target score by the target date. This is a reflection of how well the mitigation tasks are controlling the risk and is key to managing the risk. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” column as follows:

- Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date.
- Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed.

- Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks are introduced.

This methodology provides an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases further investigation or challenge may be required to determine the factors that have caused the risk owner to consider the target may not be met. It is also an early indication that additional resources may be required to ensure that the risk can meet the target score by the target date.

Risk registers are reported at various levels throughout the County Council:

- Corporate risk register – reviewed quarterly by Chief Officers Group and Audit Committee and by Full Council annually
- Departmental risk registers – reviewed at least quarterly by departmental and service management teams and at least twice yearly by other panels and committees

In addition to the member and chief officer scrutiny of the corporate risk register, the Strategic Risk Managers bring challenge and levelling to departmental risk registers by bringing reports to management team meetings and through discussions with risk owners. This process provides the vehicle to escalate risks from service and departmental risk registers to the corporate risk register if they are beyond the scope of individual departments to manage because they may have a significant impact on the objectives of more than one department.

To provide support and further embed the policy and framework the Strategic Risk Management intranet site has been developed. The site contains useful information including links to the current policy and framework, up-to-date tools, templates and a presentation as well as the most current Corporate Risk Register approved by Chief Officers Group.

To be used in conjunction with the intranet site a new e-learning course, 'How to Manage Risk' has been developed. The course is aimed at Members and officers at all levels and provides an opportunity to gain a better understanding of the County Council's management of risk policy, framework, principles and processes. The course may be accessed via our Learning Hub. Anyone with responsibilities for the risk management process should complete the course. Evidence shows that to date, since the introduction of the course in September 2013, more people have enrolled on this course than for the last three years of the previous course.

Below is a screenshot from the Strategic Risk Management intranet site showing the 'documents and tools' page. The site, which is reviewed and updated regularly, incorporates specific, easily accessible guidance with a variety of tips and hints as well as links to various appropriate tools, documents, templates and a presentation, suitable for elected members and staff at all levels.

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[Corporate Risk Register](#)

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Strategic Risk Management Well Managed Risk

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Norfolk County Council Well Managed Risk Documents and Tools

To ensure the intellectual property rights of Norfolk County Council are protected please note that the entire contents of the [Strategic Risk Management site](#), including the 'Norfolk County Council Well Managed Risk documents and tools', are for the exclusive use by the employees of Norfolk County Council.

[Well Managed Risk - Management of Risk Policy](#)

[Well Managed Risk - Management of Risk Framework](#)

[Well Managed Risk at Norfolk County Council - PowerPoint Presentation](#)

[Well Managed Risk - Management of Risk Quick Process Guide](#)

[Risk Management Process - Core Phase Template \(Blank\)](#)

Risk Management Process - Core Phase evaluation tools:

- [Generic Risk Impact Criteria Model](#)
- [Likelihood Criteria Model](#)
- [Risk Matrix and Tolerance Levels](#)

[Risk Management Process - Risk Register - Template \(Blank\)](#)

[Risk Management Process - Risk Register - Review and Update Guide](#)

[Risk Management Process - Corporate Standard Column Widths for Risk Registers](#)

Provide the budget figure for interim senior managers including agency costs, together with a comparison to costs for a substantive post holder.

Currently there are 3 senior officer posts which have become vacant in the last six months, each for different reasons. These are the Director of Children's Services, the Director of Environment, Transport and Development and the Head of Finance. All three vacancies are currently being filled on a fixed term basis, for 6 months in the first instance. No employment contract exists between the interims and Norfolk County Council.

The remuneration (including employer on costs) of the Chief Officer core (defined as employees on Chief Officer terms and conditions of employment, plus the Head of Finance post) is:

For the financial year 2012/13 (extracted from the Annual Statement of Accounts)
£1,109,799

As at November 2013 £1,101,380 (projected for 2013/14).

Both of these figures include any on costs (e.g. pension).

Within Children's Services it has been essential to bring the right people in quickly, at a time when senior officers are being sought in several Children's Services departments across the country. This has meant in some instances using an agency to secure experienced and talented interim staff with a strong track record of delivering improvement.

The current Children's Services structure comprises:

- Interim Director of Children's Services
- Interim Assistant Director Improvement
- Interim Assistant Director Early Help and Prevention
- Interim Assistant Director Safeguarding and Looked After Children
- Assistant Director Education Strategy and Commissioning
- Interim Head of Safeguarding

The cost of the above structure (for an indicative 6 month period) is: £380,417.