

Audit Committee

Date: **Thursday 24 April 2014**
Time: **2pm**
Venue: **Colman Room, County Hall, Norwich**

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

Membership: Mr I Mackie - (Chairman)

Mr B Bremner
Mr J Dobson
Mr A Gunson
Mr J Joyce
Mr R Parkinson-Hare
Mr R Smith - (Vice-Chairman)

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| <p>Please note that the meeting will be preceded by an Audit Committee Member Training Session commencing at 1.30pm in the Colman Room.</p> |
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A g e n d a

1 To receive apologies and details of any substitute members attending

2 Minutes

To confirm the minutes of the meeting held on 30 January 2014.

(Page 5)

3 Members to Declare any Interests

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare 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 Audit Commission - Protecting the Public Purse** (Page **15**)
Report by the Head of Law.
- 6 Risk Management Report (4th Quarter 2013/14)** (Page **27**)
Report by Interim Head of Finance
- 7 External Audit – Audit Plan** (Page **56**)
Report by the Interim Head of Finance
- 8 Norfolk Audit Services Quarterly Report for the Quarter ended 31 December 2013.** (Page **83**)
Report by Interim Head of Finance
- 9 An Annual Update of the Audit Committee** (Page **100**)
Report by the Chairman
- 10 Norfolk County Council Summary - Statement of Accounts 2012-13.** (Page **113**)
Report by the Interim Head of Finance.
- 11 NCC 2014-17 Budget Book** (Page **120**)
Report by the Interim Head of Finance.
- 12 Audit Committee Work Programme** (Page **280**)
Report by the Interim Head of Finance

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Date Agenda Published: 14 April 2014



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Audit Committee
Minutes of the Meeting held on 30 January 2014 at 2pm in the
Colman Room, County Hall, Norwich

Present:

Mr B Bremner
Mr J Dobson
Mr T Garrod
Mr A Gunson
Mr J Joyce
Mr M Smith
Mr R Smith (Vice-Chairman)

Also Present:

Ms A Kemp

Officers Present:

| | |
|-----------------|--|
| Mr S Andreassen | Strategic Risk Manager |
| Mr H Bullen | Head of Budgeting and Financial Management |
| Mr P King | Ernst & Young (External Auditor) |
| Mr R Murray | Ernst & Young (External Auditor) |
| Mr S Rayner | Strategic Risk Manager |
| Ms N Young | Ernst & Young - Observing |
| Mr P Timmins | Interim Head of Finance |
| Mr A Thompson | Chief Internal Auditor |
| Mrs J Mortimer | Committee Officer |
| Mr P Woodward | Principal Client Manager |

Mr R Smith, Vice-Chairman, in the Chair.

1 Apologies for Absence

1.1 An apology for absence was received from Mr I Mackie (Tom Garrod substituted).

2 Minutes

2.1 The minutes of the meeting held on 26 September 2013 were agreed as a correct record and signed by the Chairman, subject to the first sentence in the first bullet point of paragraph 10.2 being amended to read: "The County Council's net assets had reduced due to a large increase in **pension** liabilities. In addition

Matters Arising

2.2 Opportunities to generate income such as moving into shared Internal Audit services were still being investigated.

- 2.3 At a recent meeting of the Norse Shareholder Committee, it was confirmed that the Norse Group had agreed to move towards a coterminous end of year accounting period with Norfolk County Council by 2016. Norse Group had also confirmed it would fund the Council's extra external audit costs (approximately £15k) of the work involved whilst it was working to the coterminous year end.
- 2.4 Following the letter the Chairman of the Audit Committee had been asked to send to the Chairmen of Overview and Scrutiny Panels, the Chief Internal Auditor agreed to ascertain if the letter had been sent and that the corporate risks and departmental risks were being considered at Panel meetings to ensure regular challenges were made.
- 2.5 The Head of Budgeting and Financial Management would confirm when the Norfolk County Council summary accounts statement would be available.

3 Declarations of Interest

There were no declarations of interest.

4 Matters of Urgent Business

There were no items of urgent business.

5 Norse Group – Transfer of Pensions Risk

- 5.1 The Committee received a report by the Interim Head of Finance briefing members on Cabinet's agreement for the Council to accept the transfer of Pensions Risk from Norse Group and how this related to the Committee's role of consideration and approval of the Council's Annual Statement of Accounts. During the presentation of the report, the following points were noted:

- Cabinet at its meeting on 2 December 2013 had approved the transfer of the pension risk from the Norse Group balance sheet to the County Council's single entity balance sheet, subject to satisfactory agreement regarding the accounting treatment being reached with the external auditors of the County Council and Norse, the respective companies being Teckal compliant and a legal agreement being entered into between the County Council, Norse and the Pension Fund. Following this decision, it was intended that the draft Deed would be signed on 31 January, after which it would come into effect.
- When the proposed transfer had been completed the Norse Group liability would reduce and Norfolk County Council would be eligible to receive a share dividend.

- 5.2 The following points were noted in response to questions from the Committee:-

- The number of staff TUPE'd to Norse had not altered, although their pension liability shortfall would now be transferred to and retained by Norfolk County Council rather than Norse. This applied to 3 Norse companies (NPS Property Consultants, Norse Eastern and NCS Transport).
- The Head of Budgeting and Financial Management confirmed that he was

satisfied that no state aid was being provided, and this had been verified by NPLaw.

- The Pension liability referred to in the Cabinet report related to approximately 1100 staff, although this number would reduce as NPS South East and Norse Commercial Services would not have their pension liability transferred.
- The estimated pension liability of £47.7m in the December Cabinet report related to all staff within the Norse Group who are in a Pension Fund where the Norse Group was liable for any pension deficit.
- If the Norse Group was to experience severe financial difficulties, the Norfolk Pension Fund would expect the County Council to fund any pension liabilities, which would incur a risk element to Norfolk County Council. This was not considered to be an issue in the short-term as Norse were currently trading well, but as the parent company, NCC did need to consider those risks to ensure they were properly managed, and ensure robust governance arrangements were put in place.
- The Interim Head of Finance confirmed that he was happy with the degree of rigour and that as much as possible had been done to ensure that any risk was mitigated.

5.3 **RESOLVED** to note the report.

6 Risk Management Report (3rd quarter 2013/14).

6.1 The Committee received the report by the Interim Head of Finance updating the Committee on the Corporate Risk Register and other related matters following the latest quarterly review conducted during the third quarter of 2013/14. The update included details of seventeen risks proposed for inclusion within the Corporate Risk Register as recommended by the Chief Officer Group.

6.2 During the presentation of the report, it was noted that no risks were marked red (serious concern), 11 risks were marked amber which was of some concern, and 5 risks were marked green with no particular concerns of meeting the target score by the target date. Five risks had been removed and three new risks had been added in the last quarter and there were emerging risks yet to be added to the Corporate Risk Register, in relation to flooding and the robustness of the authority to manage flooding in the future and risks involved in the move to the new Committee Governance system by the County Council.

6.3 An explanation regarding the headings within the risk register report was provided, the details of which are noted below:

| Column Heading | Explanation |
|----------------|--|
| CDGSPT | Indicated whether the risk was Corporate, Departmental, Service, Team or Programme. Norse risks were reported under Resources. |
| Area | Related to the department. |
| Risk Number | The unique risk number which was generated when the risk was entered into the PRISM software system. |
| Risk Name | A heading for identification purposes. |

| | |
|--|--|
| Risk Description | Full description of the risk. |
| Date entered on risk register. | Self explanatory. |
| Inherent Likelihood | These were the scores allocated. 1 being a low risk and 5 being a high risk. |
| Inherent Impact | |
| Inherent risk Score | |
| Current Likelihood | |
| Current Impact | |
| Current risk score | |
| Tasks to mitigate the risk. | Tasks decided by the risk owners to reduce the risk. |
| Progress update. | Narrative of the action taken since the last risk report. |
| Target Likelihood | The target scores to be achieved by the nominated target, which is the date that time-frames the risk. |
| Target impact | |
| Target risk score. | |
| Target date. | |
| Prospects of meeting target risks core by target date. | Once the target had been met, the risk would remain on the report for one reporting cycle. It would then be removed from the report, although the risk would remain visible on previous versions of the report, maintaining an appropriate audit trail, in accordance with the County Council's data retention requirements. |
| Risk Owner. | The person who had responsibility for managing the risk in order to achieve its target score by the target date, usually a named departmental Chief Officer, with COG collectively reviewing the risks on a regular basis. |
| Reviewed and/or updated by. | This column recorded who had supplied the information to the risk team, together with the date. |
| Date of review and/or update. | The date the next review was due. |

6.4 The following points were noted in response to questions from the Committee:-

- The risk register was a management tool to assist Norfolk County Council record and mitigate risks and take any appropriate action. The register was owned and reviewed regularly by the Chief Officer Group with the individual risks being updated by the relevant risk owners.
- The information within the report had been correct when the accounts were approved by the Audit Committee at its September 2013 meeting.
- Mr J Dobson requested sight of the minutes from Chief Officer Group meetings to ascertain when the risks relating to the Willows had been identified and included in the risk register. The Head of Finance commented that risks could arise and be addressed such that they did not appear in the register when it was published quarterly.
- The Committee noted that the next review of the risk register was due soon, but due to the reporting timescales the information was nearly a month out of date.
- The Postwick Hub and the Northern Distributor Road risks were intrinsically

linked. Once work had commenced on the Postwick Hub it was hoped to split the risks so each could be considered separately.

- The Committee was reassured that if the current risk score changed, the risk owner comments would reflect what actions had been taken to mitigate and reduce risk.
- The risks relating to the Willows contract had been mitigated by approval of the Waste Contingency planning paper approved by Cabinet on 4 November 2013 which recommended the provision of a contingency fund relating to the potential planning failure compensation, initially some £11m was identified and set aside in this fund and further provision had since been approved.
- The Interim Director of ETD was the owner of the risks relating to the Willows and a risk had been identified relating to the increase of waste to landfill. This risk was currently shown red because the expected fall in waste to landfill had not materialised and had actually increased slightly. This risk was currently on the Departmental risk register and reviewed monthly by the ETD management team.
- Risk RM14079 – Community Services Transformation showed a target date of 2030. This was considered a long-term risk but had been brought to the attention of the Overview and Scrutiny Panel to review it periodically. It was confirmed that Community Services Senior Management Team reviewed the risks relating to that department at each of their meetings.
- The Vice-Chairman, referring to risk RM13918 – Staffing – The Speed and severity of change in work activities, thanked officers and staff for their continued commitment during the changes and the uncertainty faced in the current climate of austerity.

6.5 Following a vote on whether to accept the recommendations in the report, with 6 votes in favour and 1 vote against, the Committee

6.6 **RESOLVED** to:

- note the changes to the risk register.
- Note the seventeen corporate risks.
- Note any further actions that may be required.
- Note that the arrangements for risk management were acceptable and fulfilled Norfolk County Council's 'Well Managed Risk – Management of Risk Framework'.
- Actively endorse risk management training throughout the County Council.

7 Norfolk Audit Services Quarterly Report for the Quarter ended 30 September 2013.

7.1 The Committee received a report by the Interim Head of Finance summarising the results of recent work by Norfolk Audit Services (NAS) to give an overall opinion on the adequacy and effectiveness of risk management and internal control within the County Council and to give assurance that, where improvements were required, remedial action had been taken by Chief Officers. The report also provided an update on changes to the approved internal audit plan and the future schools audit

offering, and the preparations for an Audit Authority for the France Channel England Interreg VA Operational Programme.

7.2 The following points were noted in response to questions from the Committee:

- The Chief Internal Auditor confirmed that his team had carried out a lot of work to mitigate data protection breaches. If a breach did occur within a school, any levied fine would fall to the school for payment. The fine for data protection breaches depended on the severity of the breach and could amount to a maximum fine of £500k.
- The Internal Audit Team had carried out checks at County Hall, including 'clear desk arrangements' during out of hours periods to ensure that no personal data was left on display. A report on the findings of these checks had been compiled and would feed into the latest Annual Governance Statement.
- Schools were responsible for managing their own data systems and regular audits were carried out at schools to see how this information was being managed. A report would be produced on the findings from the audits which would be presented to the School Governors and Children's Services Department. Advice would also be offered to the schools to ensure they knew the correct protocols and what action they needed to take to mitigate risks associated with data protection.
- 134 High Priority Findings had been identified and included in the internal audit reports since the start of 2013. These were being managed by Heads of Service and a monthly update report was reviewed by the Chief Officer Group.

7.3 Following a vote on whether to accept the recommendations in the report, with 6 votes for and 1 vote against it was **RESOLVED** to note:

- the overall opinion on the effectiveness of risk management and internal control was 'acceptable' and therefore considered 'sound'.
- the changes to the approved 2013-14 internal audit plan, described in Appendix D of the report.
- The Annual Audit Letter (previously published) at Appendix E of the report.
- The satisfactory progress regarding the schools audit offering and the preparations for an Audit Authority for the France Channel England Interreg VA Operational Programme.

8 External Auditor – Certification of Claims and Returns 2012-13.

8.1 The Committee received and **noted** the report by the Interim Head of Finance briefing members on the External Auditor's Certification of Claims and returns 2012-13 letter dated 16 January 2014.

9 Work Programme

9.1 The Committee received the report by the Head of Finance setting out the work programme for 2014.

9.2 The following training topics were **agreed**:

- April 2014 – Anti-Fraud and Corruption.

- September 2014 – Governance.

9.3 **RESOLVED** to note the report and to agree that each meeting would be preceded by a training session for Committee Members, based on a topic from the Committee's Terms of Reference.

10 **Anti-Fraud and Corruption Strategy – January 2014 Edition**

10.1 The Committee received the report by the Practice Director Norfolk Public Law (NPLaw) introducing the January 2014 version of the Anti-Fraud and Corruption Strategy.

10.2 **RESOLVED** to endorse the revised format, the Strategy, its Policies and supporting guidance.

11 **Anti-Fraud and Corruption Update – June-December 2013**

11.1 The Committee received the report by the Practice Director Norfolk Public Law (NP Law) providing an update for the Committee on how the Council's Anti-Fraud and Corruption Strategy and how it added value.

11.2 The following points were noted in response to questions from the Committee to the Principal Client Manager, Norfolk Audit Services:-

- With the current severe austerity climate and the potential rise in the instances of fraud, particular consideration was given to this risk. It was confirmed that systems of control were in place to mitigate all types of fraud.
- The Chief Internal Auditor confirmed that adequate resource was in place within Internal Audit Team to take on additional investigations if necessary and that there were sufficient skills available within the team. The costs of investigations and the officer time and cover required, was proposed to be paid for by the individual departments. All investigations of fraud were noted by the Chief Internal Auditor and outcomes monitored. If a school reported a minor problem, the Schools Finance Team would carry out an initial investigation. If the case involved significant loss or was more complex, the Internal Audit Team would become involved and would work with the Schools Finance Team to carry out a full investigation.
- Any incidents of fraud which involved money or finance (as per Financial Regulations) would be reported to the Internal Audit Team, who was also responsible for updating and maintaining their fraud register.
- The Audit Committee would receive a copy of a Fraud Benchmarking comparator report (as a result of their annual Protecting the Public Purse survey) produced by the Audit Commission, at its next meeting.
- The Internal Audit Team had carried out a check on the Register of Interests and the Register of Hospitality and Gifts which had not highlighted any concerns. Also, the continued vigilance on Member Allowances had raised no cause for concern.

11.3 **RESOLVED** that:-

- there had been adequate progress in the work to date.
- the plan for future work as set out in section 8 of the report be noted.
- the revised Strategy was consistent with Fighting Fraud Locally, best practice and that
 - it still met both internal measures and external inspection requirements.
 - Was effective.
 - Added value.
 - That it had been considered in light of the austerity and service transformation agenda and was considered to be adequate.
- the Council's Whistle-blowing and Money Laundering Policies were adequate and effective although minor amendments were required with respect to updates to the legislation, and
- full consideration of the Audit Commission's publication Protecting the Public Purse until the April meeting of the Committee, as outlined in Section 2.3 of the report) be deferred.

12 Norfolk Audit Services. Review of the Internal Audit Terms of Reference and Code of Ethics.

12.1 The Committee received a report by the Interim Head of Finance reviewing the Internal Audit Terms of Reference and the Code of Ethics in accordance with the new CIPFA and IIA's UK Public Sector Internal Audit Standard, which came into force on 1 April 2013.

12.2 The following points were noted in response to questions from the Committee:

- If an investigation required skills which did not exist within the Internal Audit team, for example ICT or Health and Safety audit, temporary staff could be employed. If agency staff were required, their knowledge and background would be checked for suitability using their CV. There was also a checklist to ensure there was no conflict of interest and that they were aware of the need for confidentiality.
- Complex IT audits would be carried out by Price Waterhouse Cooper who would be expected to carry out their own checks on their staff as part of their contractual obligations.

12.3 **RESOLVED** to approve the amended Terms of Reference set out in Appendix A of the report and the Code of Ethics as set out in Appendix B of the report.

13 Audit Committee Terms of Reference

13.1 The Committee received the report by the Chairman proposing that the Terms of Reference, agreed at the Audit Committee meeting of 26 September 2013, be considered as part of a regular formal review.

13.2 The following points were noted in response to questions from the Committee:-

- The Chief Internal Auditor agreed to let Members have a copy of the Council's response to the Government's recent 'Future of Local Audit' consultation, together with a copy of the Consultation document, a letter to the Secretary of State and the County Council's response which had been reported to the Audit

Committee in June 2011.

- The National Audit Office would take over the oversight of the auditing function, but would no longer appoint external Auditors.
- The new Auditors Code of Practice, which would be subject to the Local Audit and Accountability Act 2014 agreed by Parliament would be drafted by the National Audit Office.
- The Committee asked the Chairman to send an email to the Chairman of the Committee Governance Steering Group asking for information about where the Audit Committee would sit under the new Committee Governance System and to remind him of the necessity of the Audit Committee reporting to full Council.

13.3 **RESOLVED to** agree the revised Terms of Reference and commend them to Council for agreement.

14 Norfolk Audit Services: Internal Audit Strategy, Approach, Strategic Plan 2014-2017 and Annual Internal Audit Plan 2014-15

14.1 The Committee received the report by the Interim Head of Finance setting out the Internal Audit Strategy, the approach and Strategic Plan for the three year period from 2014-15 to 2016-17 and the detailed Annual Internal Audit Plan for 2014-15.

14.2 The following points were noted in response to questions from the Committee:-

- The 33% reduction in the internal audit net expenditure since the 2008-09 baseline, was mainly due to a change in the approach to schools audit and the efficiencies already made.
- The reduction in audit days this year had been a result of the budget reduction. All audits were identified using a risk-based approach, in consultation with Chief Officers Group.
- The Chief Internal Auditor reassured the committee there would be sufficient resources to carry out all the planned audits for 2014-15.

14.3 **RESOLVED to:-**

- approve the Internal Audit Strategy, the Approach, the Proposed Delivery of the Internal Audit Strategy for 2014-15, the Strategic Plan to support the audit opinion for 2014-17 and the Annual Internal Audit Plan 2014-15.

15 Norfolk Pension Fund – Governance reports relevant to the Audit Committee

15.1 The Committee received and **noted** a report by the Interim Head of Finance updating members on Norfolk Pension Fund governance reports relevant to the Audit Committee in accordance with the Audit Committee's Terms of Reference.

The meeting ended at 4.10pm

CHAIRMAN



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Audit Commission
Protecting the Public Purse
Report by the Head of Law

The purpose of this report is to present to the Committee the items deferred from the January 2014 meeting of the Committee in respect of the Audit Commission's publication 'Protecting the Public Purse 2013'.

This report covers the Protecting the Public Purse (PPP) 2013" Questions for members, the PPP "Checklist for Councillors and others charged with governance" and also provides an update on the extended NFI Personal Budget pilot.

The Audit Committee is recommended to consider and comment on these presentations and the responses provided.

1 Background

The Audit Commission's publication 'Protecting the Public Purse 2013' was reported to the Committee on 30 January 2014, at Item 10 Anti-Fraud and Corruption Update – June to December 2013 (Appendix C) pages 128 and 152, available at the link below:

<HTTP://WWW.NORFOLK.GOV.UK/VIEW/AUDIT300114AGENDAPDF.PDF>

The Committee resolved to, 'defer further of this report in respect of

- the "Checklist for Councillors and others charged with governance",
- an update on the extended NFI Personal Budget pilot and
- the "Protecting the Public Purse Fraud Briefing 2013".

Members received training on this topic through a PPP Fraud Briefing prior to this meeting.

2 Questions for Members

Protecting the Public Purse 2013 refers to a set of questions for Councillors and this is reproduced with responses at Appendix A. Members are asked to consider and comment on this briefing, the questions posed and the responses.

Key fraud risks for the Council relate to Control of Payment Details (Identity Fraud), Schools Financial Controls, Cash Handling, Imprest Controls, Procurement, Payment Card Controls and Expenses Claims

3 Checklist for Councillors and others charged with governance

The Protecting the Public Purse 2013 publication recommended that consideration be given to a checklist provided as an Appendix to that publication. A Checklist has been reproduced with responses from officers at Appendix B to this report. The checklist includes answers provided in the previous checklist and current responses. This checklist was discussed in detail at the Member Training immediately prior to this meeting. Members are requested to consider the position set out and in this checklist and comment appropriately.

4 NFI update

A pilot data matching exercise was undertaken in January 2014 through the Audit Commission, matching our current active adult personal budget holders (2,366) to deceased persons. There were 14 matches with 7 of these being “false” matches caused by the delay comparing our data to the deceased persons data, 1 which was self-funded, and no payments were in place, 4 were found not to be deceased and 2 where over-payments have been made; for these 2 cases payments have been stopped and the amount that has been overpaid is £7,216 and recovery will be sought. Members are asked to consider and comment on this report.

5 Section 17 Crime and Disorder Act

- 5.1 Under section 17 of the Crime and Disorder Act, the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 5.2 Internal Controls, including those assessed under the use of resources, help by aiming to deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime.
- 5.3 Members consideration of the Fraud Briefing, the questions and the checklist support the prevention of crime and disorder in Norfolk.

6 Risk Management

- 6.1 This report has fully taken into account any relevant issues arising from the Council’s policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

7 Equalities Impact Assessment and other implications

- 7.1 There are no equalities impacts or other implications arising from this report.

8 Conclusion

- 8.1 The questions for Councillors (Appendix A) show that a programme is in place for raising awareness and improving detection is in place. Norfolk's participation in the pilot data matching exercise on adult personal budgets demonstrates our commitment to the data matching programme and has produced effective results. The Checklist for Governance (Appendix B) shows compliance in all applicable areas.
- 8.2 The governance arrangements in respect of Anti-Fraud and Corruption are in place and a programme of improvements for raising awareness and detection of fraud is also in place.
- 8.3 Members receive and consider ongoing action plans for Anti-Fraud and Corruption and no additional actions have arisen from this report. This report helps the Committee to consider the Council's performance on Anti-Fraud and Corruption and how these risks are being managed.

9 Recommendation

- 9.1 The Audit Committee is recommended to consider and comment on the report.

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Questions for councillors to support 2013 individual fraud briefings (Taken from PPP Appendix 3)

These questions are designed to be used in conjunction with individual fraud briefings for local authorities. Together, they will help councillors do more to improve public confidence in their council's efforts to tackle fraud in a range of areas.

Tenancy fraud - Not applicable

Council tax discount – Not Applicable

Right to Buy – Not Applicable

Housing benefit fraud – Not Applicable

Council tax reduction – Not Applicable

Social care

- How effective is my council's fraud awareness training for all staff working in social care (including those working for contracted providers), to identify suspected social care fraud?

Fraud awareness training comes under the Safeguarding Arrangements and the policy is available at the link below:

<http://www.norfolk.gov.uk/view/NCC018643>.

General fraud awareness training, which include social work staff include:

- Survey conducted in December 2013 to all managers
- Circulation to all managers the results of the survey and links to the revised Anti-Fraud and Corruption Strategy approved by the Audit Committee in January 2014
- Participation in the pilot NFI exercise for personal budget holders

- How good are my council's whistle-blowing arrangements for all staff working in social care?

The Council has Safeguarding Arrangements in place and these are promoted. Whistleblowing is included in the Safeguarding Policy available at the link above.

Corporate whistle blowing arrangements are considered sound.

Business rates fraud – Not Applicable

Blue badge fraud (disability parking concessions)

- How effectively does my council take action to tackle abuse of blue badge and other parking concessions?

Action has been taken with respect to matches from the recent NFI matches.

Preventing other frauds

- How confident am I that staff in my council are aware of the risks of other high value, low frequency frauds and routinely apply all necessary controls to ensure that they do not occur?

A revised Anti-Fraud and Corruption Strategy was approved by the Audit Committee in January 2014 and there has been a program for raising awareness throughout the Council. This has included e-mails to all managers, reference to the new strategy on "Norfolk Manager " and Member's Insight. The survey conducted in November/December 2013 showed a good knowledge of awareness but that improvements could be made. There is a plan for promoting awareness, which includes introducing new e-learning courses for awareness and prevention and detection, fraud events, attendance at departmental team meetings and promotion to our partners

Deterrence

- How effectively does my council detect fraud?

The Audit Commission's report Fraud Briefing 2013 showed limited detection for 2012-13 and this trend has continued into 2013-14. Norfolk Audit Services audit assurance work will include additional testing to increase the probability of detecting fraud in 2014-15. The e-learning course, Fraud Prevention and Detection, planned to be introduced in April 2014 will assist in helping managers detect fraud.

- How appropriate are the punishments we apply for fraud?

The Guidance for the Anti-Fraud and Corruption Strategy sets out how we will apply punishments and these include disciplinary action, criminal or civil prosecution and recovery from pension contributions.

- How well does my council publicise its success in detecting fraud?

The Guidance for the Anti-Fraud and Corruption Strategy sets out the policy for publication of detected frauds.

Extract From Protecting the Public Purse 2013

Checklist for Councillors and others responsible for governance

(Hyperlinks to evidence are provided in blue where this document is viewed on-line)

| General | Yes | No |
|---|-----|-----------------------|
| <p>1. Do we have a zero tolerance policy towards fraud?</p> <p>Previous action - Yes, as set out in the Anti-Fraud and Corruption Strategy</p> <p>2013 Update – Yes the Anti-Fraud and Corruption Strategy was reviewed at the January 2014 meeting of the Audit Committee and continued with the zero tolerance policy.</p> | √ | <input type="radio"/> |
| <p>2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i>?</p> <p>Previous action - Yes, as set out in the Anti-Fraud and Corruption Strategy. We await the publication of the 'Fighting Fraud Locally' publication.</p> <p>2013 Update – Yes, a report was presented to the April 2013 Audit Committee (Item 8 – Appendix E) setting out how we complied with the Fighting Fraud Locally Checklist, available at the link below:</p> | √ | <input type="radio"/> |
| <p>3. Do we have dedicated counter-fraud staff?</p> <p>Previous action - Yes, the internal audit team has resources set aside to counter fraud work.</p> <p>2013 Update – Yes, resources remain in the Approved Audit plan for 2014-15 (January 2014 Audit Committee Item 13).</p> | √ | <input type="radio"/> |
| <p>4. Do counter-fraud staff review all the work of our organisation?</p> <p>Previous action - Yes, the internal audit team cover all areas on a risk assessed basis as part of annual audit planning</p> <p>2013 Update – Yes, the risk assessed audit plan covers all areas of the Council's activities.</p> | √ | <input type="radio"/> |
| <p>5. Does a councillor have portfolio responsibility for fighting fraud across the council?</p> <p>Previous action – No</p> <p>2013 Update – The Leader endorses the Anti-Fraud Strategy, there is a Cabinet Member (Portfolio Holder) responsible for Finance and Resources and the Audit Committee Chairman takes the lead role in</p> | √ | <input type="radio"/> |

championing the fight against fraud.

6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?

√

Previous action - Yes, the Audit Committee receives Half Yearly Update Reports from the Head of Law.-

2013 Update – Yes, half yearly updates continue to be presented to the Audit Committee (last update to <http://www.norfolk.gov.uk/view/audit300114agendapdf>), plus the Norfolk Audit Services quarterly reports at the other meetings also include a paragraph setting out significant Anti-Fraud and Corruption work during the period.

7. Have we assessed our management of counter-fraud work against good practice?

√

Previous action - Yes, the Anti-Fraud and Corruption Strategy was refreshed in September 2011.

2013 Update – Yes, the Anti-Fraud and Corruption Strategy was reviewed, revised and approved by the Audit Committee in January 2014. This checklist also provides some comfort with respect to this.

General

Yes No

8. Do we raise awareness of fraud risks with:

- new staff (including agency staff);
- existing staff;
- elected members; and
- our contractors?

√
 √
 √
 √

Previous action - The Anti-Fraud and Corruption Strategy is mentioned in the Terms and Conditions of Contract and there are periodic updates to all staff. Members received induction training which included this strategy. Work is ongoing regarding raising awareness of contractors.

2013 Update – Yes for new staff, with mention of the Strategy in the Induction Checklist which should also be used for new agency staff. Training courses are being developed on Fraud Awareness and Fraud Prevention and Detection which are aimed at all staff and managers respectively. New member induction includes a mention of Anti-Fraud and Corruption Strategy and they are also referred to the above courses. Work continues to raise awareness with contractors, suppliers and partners, our standard contract terms and conditions include relevant clauses.

9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?



Previous action - Yes, we belong to the County Chief Auditors Network, Home Counties Chief Internal Auditors Group, National Anti-Fraud Network (NAFN), CIPFA and IIA.

2013 Update – Yes we remain members of the above groups and are now also members of the Local Authorities Investigating Officers Group (LAI OG).

10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?



Previous action - Yes, subject to appropriate data sharing regulations we work with other bodies in order to prevent or detect crime.

2013 Update - Yes, as above. We have shared our knowledge and best practice for recovery from the Local Government Pension Fund (Reg 74) with other Councils.

11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?



Previous action - Yes, Internal Audit reports specifically highlight those findings that increase the risk of theft or fraud. Internal Audit findings are reported verbally at the completion of fieldwork and then issued in the draft and final report to ensure prompt action can be taken. For audits where there are key issues to be addressed we seek confirmation that the risks have been mitigated.

2013 Update – Yes, as above, but we have strengthened our audits to include more work on fraud awareness and fraud activity. High Priority Findings are monitored by the Chief Officers and Audit Committee Chairman.

12. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?



Previous action - We fully meet the requirements of the NFI scheme and matches are investigated on a risk assessed basis. The Audit Committee will be notified of outcomes for significant matches which are identified for the latest matching results.

2013 Update – Yes, as above and we are currently undertaking a voluntary additional exercise with respect to direct payments

13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?



Previous action - Yes, the Council's Head of Law is the nominated officer. The procedure is available on the Council's Intranet web pages.

2013 Update – Yes, as above

| General | | Yes | No |
|---|-----------------------|-----|-----------------------|
| 14. Do we have effective arrangements for: | | | |
| ■ reporting fraud?; and | <input type="radio"/> | √ | <input type="radio"/> |
| ■ recording fraud? | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action – | | | |
| 2013 Update – Yes, Our Anti-Fraud Strategy includes the ways that suspected fraud can be reported. Frauds are recorded on a log by Internal Audit. | | | |
| 15. Do we have effective whistle-blowing arrangements? In particular are staff: | | | |
| aware of our whistle-blowing arrangements? | <input type="radio"/> | √ | <input type="radio"/> |
| have confidence in the confidentiality of those arrangements? | <input type="radio"/> | √ | <input type="radio"/> |
| confident that any concerns raised will be addressed? | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action - Yes, the Council’s Head of Law is the nominated officer. The procedure is available on the Council’s Intranet web pages. | | | |
| 2013 Update Yes – The Council’s Head of Democratic Services owns and administers the whistle-blowing arrangements . The National Audit Office’s report on Whistle blowing will be reported to the Audit Committee in June 2014. | | | |
| 16. Do we have effective fidelity insurance arrangements? | | | |
| | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action - Yes | | | |
| 2013 Update – Yes it remains in place and is regularly reviewed | | | |
| Fighting fraud with reduced resources | | Yes | No |
| 17. Have we reassessed our fraud risks since the change in the financial climate? | | | |
| | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action - Yes, as set out in the Anti-Fraud and Corruption Strategy | | | |
| 2013 Update Yes, as above | | | |
| 18. Have we amended our counter-fraud action plan as a result? | | | |
| | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action - Yes, as set out in the Anti-Fraud and Corruption Strategy. | | | |
| 2013 Update – Yes, as above | | | |
| 19. Have we reallocated staff as a result? | | | |
| | <input type="radio"/> | √ | <input type="radio"/> |
| Previous action - Yes, the resourcing of internal audit and the counter fraud work is reviewed annually on a risk assessed basis. | | | |
| 2013 Update – Yes, as above | | | |

| Current risks and issues | Yes | No |
|---|-----------------------|-----------------------|
| Housing tenancy | | |
| 20. Do we take proper action to ensure that we only allocate social housing to those who are eligible? | <input type="radio"/> | <input type="radio"/> |
| Previous action – Not applicable | | |
| 2013 Update – Not applicable | | |
| 21. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated? | <input type="radio"/> | <input type="radio"/> |
| Previous action – Not applicable | | |
| 2013 Update – Not applicable | | |
| Procurement | | |
| 22. Are we satisfied our procurement controls are working as intended? | √ | <input type="radio"/> |
| Previous action - Yes | | |
| 2013 Update – Yes | | |
| 23. Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels, and compared them with best practice? | √ | <input type="radio"/> |
| Previous action - The Council's Contract Standing Orders were recently revised and approved. We are aware of and considering the National Fraud Authority's advice and recommendations on this topic. | | |
| 2013 Update – The Council's Procurement Team are alert to the risks. | | |
| Recruitment | | |
| 24. Are we satisfied our recruitment procedures: | | |
| prevent us employing people working under false identities; | √ | <input type="radio"/> |
| confirm employment references effectively; | √ | <input type="radio"/> |
| ensure applicants are eligible to work in the UK; and | √ | <input type="radio"/> |
| require agencies supplying us with staff to undertake the checks that we require? | √ | <input type="radio"/> |
| Previous action Yes | | |
| 2013 Update - Yes | | |

| Current risks and issues | Yes | No |
|---|-----------------------|-----------------------|
| Personal budgets | | |
| 25. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice? | ✓ | <input type="radio"/> |
| Previous action - Yes | | |
| 2013 Update Yes – A recent data matching pilot has been completed and a policy is in place available at this link below: | | |
| 26. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets? | ✓ | <input type="radio"/> |
| Previous action - The Safeguarding Adults team manage any concerns that are raised and whistle blowing arrangements are detailed in the Safeguarding Policy available at the link below:. http://www.norfolk.gov.uk/view/NCC018643 | | |
| Internal Audit has reviewed the controls and have found them to be satisfactory. Links between the Internal audit Team will be strengthened. | | |
| 2013 Update – Yes, as above. This topic has been the subject of an audit in 2013-14. | | |
| Council tax discount | | |
| 27. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible? | <input type="radio"/> | <input type="radio"/> |
| Previous action - Not applicable | | |
| 2013 Update – Not applicable | | |

Housing benefit

28. When we tackle housing benefit fraud do we make full use of:

| | | |
|--|-----------------------|-----------------------|
| National Fraud Initiative; | <input type="radio"/> | <input type="radio"/> |
| Department for Work and Pensions Housing Benefit matching service; internal data matching; and | <input type="radio"/> | <input type="radio"/> |
| private sector data matching? | <input type="radio"/> | <input type="radio"/> |

Previous action – Not applicable

2013 Update – Not applicable

Emerging fraud risks

Yes No

29. Do we have appropriate and proportionate defences against emerging fraud risks:

| | | |
|---|-----------------------|-----------------------|
| business rates; | <input type="radio"/> | <input type="radio"/> |
| Right to Buy; | <input type="radio"/> | <input type="radio"/> |
| Social Fund and Local Welfare Assistance; | <input type="radio"/> | <input type="radio"/> |
| council tax reduction; | <input type="radio"/> | <input type="radio"/> |
| schools; and | ✓ | <input type="radio"/> |
| grants | ✓ | <input type="radio"/> |

Previous action – New question

2013 Update – The Council continues to review current and emerging fraud risks and measures to prevent, detect, investigate and prosecute them and how funds may be most effectively and economically recovered.

Risk Management Report (4th Quarter 2013/14)

Report by Interim Head of Finance

Summary

This report provides Audit Committee with an update of the Corporate Risk Register and other related matters following the latest quarterly review conducted during the fourth quarter of 2013/14. The update includes details of twenty risks proposed for inclusion within the Corporate Risk Register. Risks are where events may impact on the County Council achieving its objectives.

Recommendations

Audit Committee is asked to:

- note the changes to the risk register
- comment on the twenty corporate risks and add, amend or remove any risks as appropriate
- consider if any further action is required
- note that the arrangements for risk management are acceptable and fulfil Norfolk County Council's "Well Managed Risk – Management of Risk Framework"
- actively endorse risk management training throughout the County Council
- agree to risk management training for members prior to the June meeting

1. Introduction

- 1.1 The Corporate Risk Register is a dynamic document that is reviewed and updated regularly by risk owners and responsible officers for any changes that have occurred to the risk as a whole and to the progress of its control measures in accordance with the County Council's "Well Managed Risk – Management of Risk Framework". The Corporate Risk Register lists risks where events may impact on the County Council achieving its objectives.
- 1.2 Following the most recent report to Audit Committee in January 2014 a review of the existing risks, as well any new risks proposed for inclusion in the Corporate Risk Register, has taken place with the officers responsible and then considered by COG. This report is based on the outcome of that review.
- 1.3 Appendix 1 contains a summary of the proposed updated full Corporate Risk Register as at 17 March 2014.
- 1.4 Appendix 2 contains a copy of the full risk register.

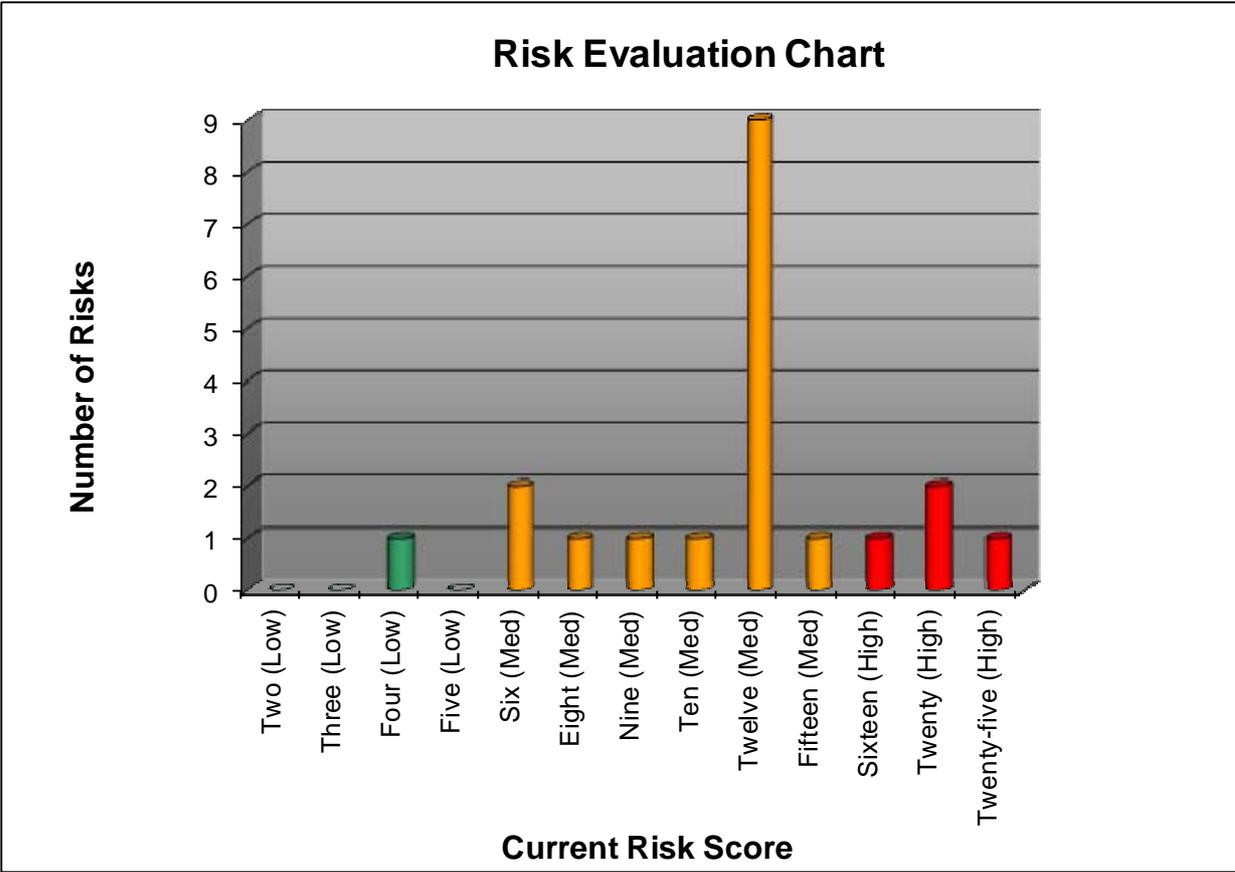
2. Corporate Risk Register

- 2.1 The Corporate Risk Register lists the key business risks that require strong management at a corporate level and which, if not managed appropriately, could result in the County Council failing to achieve one or more of its key objectives and/or suffer a significant financial loss or reputational damage. All risks listed have been reviewed and updated, as appropriate.
- 2.2 In total it is recommended that twenty risks are included on the Corporate Risk Register. All seventeen risks on the Corporate Risk Register that were reported to and reviewed by Audit Committee in January 2014 remain, with the addition of three new risks.
- 2.3 Risk RM14156 "Liability for legal challenge to procurements conducted by ESPO". Norfolk County Council is a member of the joint committee and has a liability alongside other organisations for any legal claim that exceeds any reserves held by ESPO. A review of governance procedures has been undertaken and there is confidence that there is adequate governance in place at this time. The risk will remain on the register to be reviewed regularly as ESPO members consider the options of limited liability indemnity. The current risk score is 6 (likelihood 2 x impact 3) with the target score also set at 6 (likelihood 2 x impact 3).
- 2.4 Risk RM14154 "Introduction of committee system". The risk is that a failure to introduce an acceptable and workable committee system for the purpose of decision-making within Norfolk County Council by May 2014 may lead to confusion, delayed decision making and reduced scrutiny. The current risk score is 6 (likelihood 2 x impact 3). The prospects of meeting the target score 3 (likelihood 1 x impact 3) by the target date is recorded as amber. The amber rating reflects the volume of work associated with introduction of a new Constitution to reflect the agreed model, and supporting Members and Officers in the effective implementation of the new arrangements. The Committee Steering Group has completed its model and reviewed a re-written Constitution which will be considered by the Constitutional Advisory Group before an additional meeting of Full Council on April 28th 2014.
- 2.5 Risk RM14155 "Embedding the committee system". The risk is that the failure to embed a successful and fit for purpose committee system of governance within Norfolk County Council may lead to flawed and/or delayed decision making. The current risk score is 8 (likelihood 2 x impact 4) with the target score of 8 (likelihood 2 x impact 4) the prospects are reported as green. This reflects the planned programme of engagement and training for Members and Officers during May, a planned annual timetable of meetings to fit the likely business requirements, which includes an additional cycle in June to ensure smooth transition.
- 2.6 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 "High" (risk score 16–25), fifteen as "Medium" (risk score 6–15) and one as "Low" (risk score 1-5).

2.7 Within the constraints of the target date (which provides a time-frame for the risk) and using the Generic Risk Impact Criteria Model and Likelihood Criteria Model the three risk scores can be determined. Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring.

- Inherent risk score – the level of risk exposure before any action is taken to reduce the risk
- Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
- Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks.

2.8 The current scores of the twenty risks are illustrated by the chart below.



2.9 The prospects of meeting target scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. The contents of this cell act as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases further investigation 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 and tasks or escalation may be required to ensure that the risk can meet the target score by the target date. 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.

- 2.10 In terms of the risk owner considering that the risk will meet the target score by the target date, one risk has the prospect assessed as “Red” – serious concerns that the targets will not be met, twelve are assessed as “Amber– some concerns” that targets may not be met, and six are assessed as “Green - on schedule” to meet their target. One risk has met the target score by the target date and will be removed from the risk register at the next iteration.
- 2.11 Risk RM14113 “Failure in the delivery of the Willows Power and Recycling Plant” has had the prospects of meeting the target score by the target date changed from amber to red – “serious concerns”. The outcome of the decision from the Secretary of State for Communities and Local Government had been anticipated on 14 January 2014 but on 13 January 2014 the Department for Communities and Local Government announced that it would not be able to make a planning decision on the anticipated date and said “In these circumstances we do not set a new target, but please be assured that the decision will be issued as soon as we are in a position to do so.” The Waste Contingency planning paper approved by Cabinet on 4 November 2013 recommended the provision of a contingency fund relating to the potential planning failure compensation, of some £11m. Due to the delay in the decision by the Secretary of State, Cabinet was asked on 27 January to approve an increase of the contingency fund.
- 2.12 On 7 April at the Full Council meeting the voted not to replace the cap on breakage costs for planning failure and allow the contract to terminate through lack of planning permission on 1 May 2014. Subsequently Cabinet approved the recommendation from Full Council and agreed that the contract would be terminated on 1 May 2014. The risk will remain on the register until the contract is legally terminated. At this time officers are reviewing options and alternatives to manage the residual waste in Norfolk and currently reviewing risks around the options.
- 2.13 Risk RM8680 “Failure to recover outstanding funds from Icelandic banks” has had the prospects of meeting the target score by the target date changed to “Met” as less than £3m remains outstanding. The risk score has been reduced to 4 (likelihood 1 x impact 4) where the original target score was established as 5 (likelihood 1 x impact 5).

3. Training

- 3.1 The e-learning course, ‘How to Manage Risk’ may be accessed via Learning Hub, this is aimed at Members and officers at all levels and provides an opportunity to gain a broader understanding of the County Council’s management of risk policy, framework, principles and processes.

- 3.2 Reports continue to provide evidence that the new course is being extremely well received, with enrolments since its introduction in June 2013 already totalling 170 and far exceeding the take-up of the previous course during its entire three year lifespan.
- 3.3 It is planned that once the structure of the Committee system is agreed Members will be invited to attend short risk management training sessions to provide information and assurance about the practices and processes of risk management within Norfolk County Council.
- 3.4 It is proposed that risk management training is delivered to members prior to the 19 June 2014 Audit Committee meeting.

4. Conclusion

- 4.1 The review of existing risks has been completed with responsible officers.
- 4.2 There remains a strong corporate commitment to the management of risk and appropriately managing risk, particularly during periods of organisational change, such as the accelerated programme to deliver all the elements of the vision for the County Council.
- 4.3 An on-going clear focus on strong risk management is necessary as it provides an essential tool to ensure the successful delivery of our strategic and operational objectives.

5. Recommendations

- 5.1 Audit Committee is asked to:
- note the changes to the risk register
 - comment on the twenty corporate risks and add, amend or remove any risks as appropriate
 - consider if any further action is required
 - note that the arrangements for risk management are acceptable and fulfil Norfolk County Council's "Well Managed Risk – Management of Risk Framework"
 - actively endorse risk management training throughout the County Council
 - agree to risk management training for members prior to the June meeting

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| CDGSTP | 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 | Environment Transport and Development | RM0201 | Failure to implement Norwich Northern Distributor Route (NDR) and the Postwick Hub junction improvement | <p>NDR Failure to implement the NDR would result in the inability to implement significant elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan including pedestrian enhancements in the city centre, public transport improvements (including some Bus Rapid Transit corridors), traffic management in the suburbs, reductions in accidents and would result in an increase in congestion affecting public transport reliability. It would also result in a reduction in our capacity for economic development and negatively impact on Norfolk County Council's reputation. Inability to deliver the NDR will also affect the growth planned as part of the Joint Core Strategy.</p> <p>Postwick Hub The impact of an unsuccessful Public Inquiry on Postwick Hub Junction Side Road Orders (considered necessary by Government Office) will potentially affect the viability of the NDR and the benefits set out in relation to its delivery. It will also result in a failure to deliver immediate growth in employment and some housing development. In addition, the P&R extension is not possible without the completion of Postwick Hub</p> | 01/04/2005 | 3 | 4 | 12 | 3 | 4 | 12 | <p>Following confirmation of funding, complete work required by DfT to regularly report on-going project progress for the NDR and Postwick Hub to maintain funding allocation. Work on Nationally Significant Infrastructure Projects (NSIP) process for delivery of necessary Development Consent Orders for NDR.</p> <p>Work with Highways Agency to finalise the processes for Secretary of State approval for the side & slip roads orders for Postwick Hub. Begin processes to prepare construction phase of the Hub. Respond as necessary to the outcome of the JCS legal challenge decision by the High Court. One element of the challenge was the NDR and the outcome of the decision was that the NDR is acceptable within the baseline of the JCS. However, there was a requirement to remedy an issue in relation to the Sustainability Appraisal and this has been resolved by working with legal teams and GNDP team. JCS re-examination on remitted text completed in May, and further hearing was held in July 13. Revised text proposed by the Inspector has been consulted and Inspectors report was issued in Nov 13. The outcome is no significant change to the JCS as proposed and it was expected to be adopted in its final form in January 14</p> | <p>The Transport Secretary announced on the 26 October 2012 that the NDR has been included in a 'Development Pool' of schemes. DfT have now reconfirmed funding for the NDR and Postwick Hub (max contribution of £86.5m). However the funding cannot be drawn down for the NDR until 'Full Approval' stage, which follows completion of statutory processes (planning consent and orders). Cabinet (3 December 2012) approved the option to utilise the Nationally Significant Infrastructure Projects (NSIP) route for the planning process. This consolidates the planning/land CPOs/highway Orders into one process overseen by the Planning Inspectorate. This provides more confidence in the timescales to deliver the NDR, with the potential to commence construction in the Spring of 2015 and open the NDR in 2017. DfT have completed consulting on changes to the NSIP criteria and changes to the Planning Act have been made, which affect the NDR, and this has been resolved with DfT through a Section 35 application and the Secretary of State has confirmed the NDR is of national significance. The Joint Core Strategy was adopted by all Councils on 22 March 2011. A legal challenge to the JCS was received and was heard in the High Court on 6/7 December 2011. Mr Justice Ouseley handed down his judgement on 24 February 2012 and has ruled that the inclusion of the NDR in the JCS is effectively sound as it should be included in the baseline model for future development and also that it is embedded within existing policies such as the East of England Plan, the Norwich Area Transport Strategy (NATS) and the Local Transport Plan. The Development Consent Order for the NDR was submitted 7 January 2014 and was accepted by the Planning Inspectorate on 4 February 2014. The NDR examination in public is now anticipated to commence in May 2014.</p> <p>Planning consent was reconfirmed 18 Oct 2011. Public Inquiry for Postwick Hub Side Roads Orders had been postponed from its planned start date of 25 September 2012 and was rescheduled to start on 3 July 2013, and is now completed. The Inspectors report was issued to Secretary of State (SoS) on 4 November 2013. This is the last step in the statutory process and assuming successful will mean construction starting April 2014 following draw down of £19m DfT Development Pool funding. The Secretary of State confirmed the making of the orders for the Postwick Hub on 8 January 2014 (following the public inquiry in July 2013) and these were published on 31 January 2014 (but are subject to a 6 week legal challenge period). Initial site clearance works to deal with environmental constraints (bird nesting) were completed mid-February 2014.</p> | 2 | 4 | 8 | 01/11/2014 | Amber | Tom McCabe | David Allfrey | 05/03/2014 |
| C | Community Services Transformation | RM14079 | Failure to meet the long term needs of older people | <p>If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.</p> | 11/10/2012 | 5 | 5 | 25 | 5 | 5 | 25 | <ul style="list-style-type: none"> Take steps to protect the Purchase of Care budget when budget planning prior to 2014-17. Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities Ensure budget planning process enables sufficient investment in adult social care particularly in year 3 of current plan. Continue to: try and manage needs; to identify and deliver savings in the Adult Social Care budget plan; and to ensure the issues are understood and discussed corporately. | <p>The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. Although steps have been taken to protect the Purchase of Care budget in previous budget planning, the proposals for 2014-17 have had to include savings from the Purchase of Care budget.</p> <p>The Draft Care and Support Bill including changes in social care funding will impact significantly: more people eligible for social care funding; less service user contributions; and it is not clear whether there will be additional/sufficient government funding.</p> <p>Reviewed by SMT 21 January 2014 - No change.</p> | 2 | 4 | 8 | 31/03/2030 | Amber | Harold Bodmer | Janice Dane | 21/01/2014 |

| CDGSTP | 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 |
|--------|-----------------------------------|-------------|---|---|-------------------------------|---------------------|-----------------|---------------------|--------------------|----------------|--------------------|---|--|-------------------|---------------|-------------------|-------------|---|---------------|----------------------------|------------------------------|
| | | | | | | 3 | 4 | 12 | 3 | 4 | 12 | | | 2 | 4 | 8 | | | | | |
| C | Community Services Transformation | RM0207 | Failure to meet the needs of older people | If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. | 01/04/2011 | 3 | 4 | 12 | 3 | 4 | 12 | <ul style="list-style-type: none"> Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities Ensure budget planning process enables sufficient investment in adult social care particularly in year 3 of current plan | <p>Got 2012-13 Winter Pressures funding of £1.498m - carried forward to 2013-14. A review of the fees paid to the independent sector was undertaken in 2012-13 and informed the inflationary uplift discussions with provider representatives. Discussions ongoing about cost of care exercise in 2013-14. NHS Norfolk and Great Yarmouth are providing £1.3m of reablement monies in 2013-14 which is being used to help fund the Norfolk First Support, Night Owls and Swifts services. The service has also been re-engineered. Following the setting up of Norse Care in April 2011 the Building Better Futures 15 year transformation programme of the previous in house residential homes is starting with the re-provision of three residential homes in the Eastern Locality.</p> <p>There is a project on Support for Self Funders. The recent retender of some of the homecare tenders is trying to address rurality issues.</p> <p>The Integrated Community Equipment Service started in April 2013. The subsidy has been removed from all the meals on wheels services, day centres and luncheon clubs, and for meals provided in most Housing With Care schemes (end of July 2013). Savings have been delivered by: the Remodelling of In house day services; on transport through route reviews/reprocurement; and through the Assessment and Care Management Review.</p> <p>Reviewed by SMT 21 January 2014 - No change.</p> | 2 | 4 | 8 | 31/03/2014 | Green | Harold Bodmer | Janice Dane | 21/01/2014 |
| C | Corporate | RM0200 | Capacity for change - Insufficient capacity for business transformation | 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. 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 NCC 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> <p>Systems and Management Information: A Portfolio and Resource Management System has been purchased and is currently in the design and planning stage for an initial rollout to the Corporate Programme Office and ICT by the end of the year.</p> | 2 | 4 | 8 | 31/03/2017 | Amber | Anne Gibson | Diana Dixon | 12/03/2014 |

| CDGSTP | 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 |
|--------|--------------------|-------------|---|--|-------------------------------|---------------------|-----------------|---------------------|--------------------|----------------|--------------------|--|--|-------------------|---------------|-------------------|-------------|---|--------------|----------------------------|------------------------------|
| | | | | | | 3 | 4 | 12 | 3 | 4 | 12 | | | 2 | 4 | 8 | | | | | |
| C | HR Shared Services | RM13918 | Staffing - The speed and severity of change in work activities. | The risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected. 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 surveys 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 in December 2013 confirmed no change to prospects or current score. 12 March 2014 - New employee survey scheduled for May 2014. No change to scoring or prospects. | 2 | 4 | 8 | 31/03/2017 | Green | Audrey Sharp | Kerry Furness | 12/03/2014 |

| CDGSTP | 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 | | | |
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| | | | | | | 3 | 4 | 12 | 3 | 4 | 12 | | | 3 | 2 | 6 | | | | | | | | |
| C | HR Shared Services Business Continuity | RM14097 | Shortage of personnel for a variety of reasons e.g.. 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 | 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. BCPE002 Ian Cooper - Maintain critical skills within NCC's Corporate HR system. | 11 March 2014: Arrangements established for bringing together focused Org Review Team to support change programme. Retention of specialist resource agreed to March 15. Continuing management of high demand on Payroll and ESC staff due to LGPS2014, TP and RTI. 11 March 2014: New Redeployment Policy in place to better support searches for alternative roles. | 3 | 2 | 6 | 30/09/2014 | Amber | Audrey Sharp | Ian Cooper | 12/03/2014 | | | |
| C | Environment Transport and Development Business Continuity | RM14098 | Incident at key NCC premises or adjacent causing loss of access or service disruption | The risk that fire, flood or structural damage could cause disruption for services due to loss of the building or loss of access to the building. | | | | | | | | BCPR001 John Ellis To ensure a corporate approach to work area recovery is agreed. BCPR005 Adrian Blakey Ensure robust out of hours arrangements for all premises access in the event of an incident exist. | Update August 2013: Progress continues, WAR sites being visited. Engaged in County Hall Strategic Repair Project. BIA's results currently being analysed. Update September 2013: Assessments begun of existing NCC key premises and WAR requirements in order to progress new Corporate WAR proposal. October: Assessments begun of existing NCC key premises and WAR requirements in order to progress new Corporate WAR proposal. January 2014: Assessment of premises in progress. In the short term, proposals for out-of-hours cover have been documented by NPS and agreed, this builds on existing arrangements, it includes all corporate properties not just County Hall. In the longer term this issue will be addressed by the NPS Service Level Agreement (SLA). Also includes out of hours contacts for premises managers and key holder details. Update August 2013: Still awaiting finalised SLA publication. Issue linked to contactability of premises managers and the wider issue of NPS out of hours arrangements. January 2014: Premises managers are detailed in C2 along with key holder information, department access to this is to be confirmed by Ben Fosdick. This will provide us with contact information required but the approach regarding how an out-of-hours service would work regarding properties other than County Hall is still to be confirmed. It will be outlined in the SLA, however the SLA is currently on hold following the request of a review of a client side property department. | | | | | | | | | | | |

| CDGSTP | 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 |
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| | | | | | 01/04/2013 | 3 | 3 | 9 | 3 | 3 | 9 | BCPR007 Graham Wray To ensure evacuation procedures are in place which minimise disruption and support recovery. | Update August 2013: evacuation signs were erected however vandalised the same day and therefore requirements are being re-assessed. evacuation procedural documentation awaiting review by NPA. Report being produced by NPS following planned evacuation exercise on 14.07.2013. Update September 2013: new signage was erected but unfortunately vandalised the same day and had to be removed so further assessments need to be made of the available options. Still awaiting updated evacuation guidance from NPS October: new signage was erected but unfortunately vandalised the same day and had to be removed so further assessments need to be made of the available options. Still awaiting updated evacuation guidance from NPS. January 2014: This will be raised via NPS at the next liaison meeting and a paper has been drafted to go to COG which includes this issue. All options have previously been considered at length and considerable expense in officer time and NPS consultancy charges, we now need to ensure that NPS implement the agreed option. February 2014: Changes to County Hall and additional exit/entrance points will mean that evacuation arrangements will change and communication will be more complicated. Flags at bronze control may now not be a solution given the changes. Placed on hold pending meeting/discussion with Mick Sabec. | 3 | 2 | 6 | 31/03/2014 | Amber | Tom McCabe | John Ellis | 27/02/2014 |

| CDGSTP | 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 | | | | | | |
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| | | | | | | | | | | | | BCPR009 Andrew Crossley To create an alternative exit for CH for use in emergency. | Land has been cleared, instruction provided not to re-let mobiles blocking exit, Highways are happy. Currently being reviewed by planners to provide planning permission. August 2012. Update September 2013: this has been highlighted as a significant risk to NCC due to the strategic repair of County Hall. report went to Norwich City for consultation with cabinet which was due July 2013 but has now been postponed until November 2014. Results from this need to be obtained prior to resubmission of planning documents for consideration. Update January 2014: this has been highlighted as a significant risk to NCC for a number of reasons, the most recent being the strategic repair of County Hall. report went to Norwich City for consultation with cabinet which was due July 2013 but has now been postponed until November 2014. Results from this need to be obtained prior to resubmission of planning documents for consideration. February 2014: Report received from NPS, LR has provided a full response on behalf of the Resilience Team including responses to previous objectors. Once NPS have reviewed comments they will advise us so we can discuss with relevant Members. | | | | | | | | | | | | | | |
| 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 | BCI001 - Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience | 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. Dec 2013 - ongoing, new systems and major changes being delivered via ICT Programme comply with latest best practice to ensure agreed performance and availability 24 February 2014 - ICT systems and services will migrate to Tier 3 (National infrastructure) data centres as part of DNA during 2014. As part of this work HP will deliver a Business Continuity plan and Disaster recovery plan for the services transferring and update them as the work progresses. The corporate Business Continuity Team will be directly involved. | 2 | 3 | 6 | 31/03/2015 | Amber | Tom Baker | Kurt Frary | 24/02/2014 | | | | | | |
| | | | | | | | | | | | | BCI002 - 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 | 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 Dec 2013 - ongoing, DNA programme of information and application discovery works now in progress to confirm baseline 24 February 2014 - ICT Business Continuity plans are to be reviewed Feb 2014 and updated March 2014 to reflect lessons learnt as part of the datacentre power outage major incident. | | | | | | | | | | | | | | |
| | | | | | | | | | | | | BCI003 - 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 | 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 Dec 2013 - DNA contract awarded to HP, detail planning for migration of data centre services due early 2014 24 February 2014 - Kurt Frary Infrastructure services manager has worked with business continuity team to review the BIA for ICT and will feed the outcome into | | | | | | | | | | | | | | |

| CDGSTP | 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 | | |
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| | | | | | | | | | | | | BCI004 - Ensure provision of appropriate ICT support for business services operating outside of standard business hours | 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. Dec 2013 - ICT out of hours support arrangements worked effectively during 'Storm surge' emergency incident 24 February 2014 - DNA was approved in November 2013 and work has commenced to plan the migration of services as per BCI001 | | | | | | | | | | |

| 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 |
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| 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 | 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 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 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 | An Information Management Shared Service has been established to integrate all information activities, including Information Compliance and Information Security. Practitioners will be co-located, and common processes and procedures introduced where they do not already exist. Formal launch of the service took place on 02 May 2013. Appointments made to the new IM Shared Service. SLA developed and published in April 2013. 17 June 2013 A steady increase in the number of potential breaches reported indicated a maturing level of awareness of the risk and therefore a reduction to the current likelihood score may be considered in future. Reviewed 19 August 2013 - Reports now being issued COG and departments. Agreed no change to prospects or current scores. Reviewed 16 September 2013 - Recruitment issues within IM Shared Service being addressed to meet increasing demands. Concerns raised over a possible increase in future breaches due to reduced NCC staff numbers being put under pressure to perform more tasks. Reviewed 21 November 2013 - recommendations of Information Compliance Group presented to, and agreed by COG. Agreed no change to prospects and current scoring due to increased actions implemented and highlighted following recent breaches. Reviewed 04 February 2014 - no change. | 1 | 4 | 4 | 31/03/2014 | Amber | Tom Baker | Mark Crannage | 04/02/2014 |
| C | Resources Procurement | RM14156 | Liability for legal challenge to procurements conducted by ESPO | The Eastern Shires Purchasing Organisation is a joint committee and the council, as a member authority, is liable for a share of any legal claim against ESPO which exceeds ESPO's modest reserves. | 06/02/2014 | 3 | 3 | 9 | 2 | 3 | 6 | A review of ESPO's governance processes has been undertaken and governance is now significantly more robust than in the past. However, large scale public procurement is inherently risky and tenderers are increasingly claims conscious. | A further review of ESPO structure is to be undertaken over the next two years and the issue of a limited liability structure, previously rejected by a majority of members, will be reconsidered. | 2 | 3 | 6 | 27/02/2015 | Green | Peter Timmins | Joan Murray | 12/03/2014 |
| C | Resources 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. 03 October 2013 Al Collier update - Transfer risk owner to Al Collier - HotDocs roll-out delayed due to other pressures. Scores to remain, however target date to be revised to 31 March 2014. 12 March 2014 - first phase of HotDocs has been implemented for Tender documentation. Further developments planned over next 3 months.. | 1 | 4 | 4 | 30/06/2014 | Green | Al Collier | Joan Murray | 12/03/2014 |
| 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 | 2 | 6 | • 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. Reviewed 11 March 2014 and likelihood score reduced from 3 to 2. | 2 | 3 | 6 | 31/03/2014 | Green | Peter Timmins | Harvey Bullen | 11/03/2014 |

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| 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 | 4 | 4 | <ul style="list-style-type: none"> 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 30 January 2014 the Council successfully sold, through a competitive auction, the remaining unrecovered element of its claim against the Icelandic bank, Landsbanki. Landsbanki, was one of three Icelandic banks in which the Council had invested £32.5m. The Council received just over £6m from this transaction, bringing the total recovered to date for all three Icelandic banks to £29.275m. The recovery process for Glitnir and Kaupthing will continue and it is estimated that a further £2m may be recovered. As less than £3m remains outstanding impact score reduced to 4 and prospects are amended to 'met'. | 1 | 5 | 5 | 31/03/2014 | Met | Peter Timmins | Harvey Bullen | 11/03/2014 |
| C | Resources Corporate Programme Office | RM14146 | Failure to effectively manage County Hall refurbishment and maintenance. | Failure to effectively manage County Hall refurbishment and maintenance during the project may lead to: <ul style="list-style-type: none"> Excessive dust and noise resulting in interruption to work-related activities Release of asbestos resulting in the contamination of working areas and long term health issues. Flooding, specifically of the server room, resulting in delays to service delivery. Heightened risk of fire damage and personal injury due to inadequate fire alarm and evacuation systems. | 01/11/2013 | 3 | 5 | 15 | 3 | 5 | 15 | <ul style="list-style-type: none"> Ensure the construction strategy regarding noise management is created in collaboration with client workstreams. Create and regularly test robust asbestos management plans before commencement of any construction activities. Ensure all staff and contractors are appropriately trained. Undertake a detailed assessment of existing water services, including identification of areas at high risk of failure. Create a management plan and approach to working on the system, including publishing and distributing an emergency handbook detailing the sequence of actions in the event of a discharge. Create an installation strategy to maintain effective systems of detection and alert. Fire Marshal team to be actively involved in the progress of works and included within the existing fire alarm testing regime, notifications, plans and systems. Communication plan in place to deliver | Cladding options have been developed which will reduce noise. Trial panel installed with minimal disruption to users. Out of hours working and planned noisy periods strategy being developed. Further options being developed to manage the impact of noise from the external works to the building. Asbestos management plan conforming to industry best practice, R&D surveys, specialised trained, contractors, conformance certification, pre-notification to HMRC, good separation between maintenance works and occupied areas of the building. Lessons learned from previous maintenance projects. | 1 | 5 | 5 | 31/03/2016 | Green | Harvey Bullen | Mick Sabec | 10/03/2014 |
| C | Corporate | RM14154 | Introduction of committee system | Failure to introduce a workable committee system for the purpose of decision-making and scrutiny within Norfolk County Council by May 2014 may lead to confusion delayed decision making and reduced scrutiny. Likely consequences include an inability to achieve suitable outcomes, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 16/01/2014 | 4 | 3 | 12 | 2 | 3 | 6 | <ul style="list-style-type: none"> Committee structure to be finalised. Terms of reference, roles and responsibilities of each committee and its members to be determined, finalised and published. Membership agreed and appointments completed. Appropriate communication to public issued. Key staff and Members to receive training to include roles and responsibilities. | <ul style="list-style-type: none"> Outline structure agreed by Steering Group and published to all Members Steering Group progressively signing off elements of the constitution Full Council Meeting to agree structure arranged for April 28 2014 | 1 | 3 | 3 | 31/05/2014 | Amber | Debbie Bartlett | Debbie Bartlett | 02/04/2014 |
| C | Corporate | RM14155 | Embedding the committee system | Failure to embed a successful and fit for purpose committee system of governance within Norfolk County Council to cover the statutory five year period from 2014 to 2019 may lead to flawed and/or delayed decision making. Likely consequences include missed opportunities, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 16/01/2014 | 3 | 4 | 12 | 2 | 4 | 8 | <ul style="list-style-type: none"> Norfolk County Council internal and external documentation and training material reviewed and updated to reflect the Committee system. Comprehensive review to be conducted within six months of implementation followed by appropriate corrective action. | <ul style="list-style-type: none"> Agreement on format and timing for joint member-officer training. Dates to be agreed. | 2 | 4 | 8 | 31/12/2014 | Green | Debbie Bartlett | Debbie Bartlett | 02/04/2014 |

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Risk Register - Norfolk County Council - Summary

| Risk Register Name | | Corporate Risk Register (Appendix 1) | | | | | | Red | |
|---------------------------------------|-------------|--|--|--------------------|-------------------|-------------|---|-------------|--|
| Prepared by | | Stephen Andreassen and Steve Rayner | | | | High | | Amber | |
| Date updated | | 08 April 2014 | | | | Med | | Green | |
| Next update due | | 01 June 2014 | | | | Low | | Met | |
| 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 | |
| Children's Services | RM14147 | Failure to improve at the required pace. | CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted. | 10 | 8 | 31/01/2016 | Amber | Sheila Lock | |
| Children's Services | RM14148 | Overreliance on interim capacity | Overreliance on interim capacity at leadership and management levels and in social worker teams leads to unsustainable performance improvement. | 20 | 8 | 30/06/2014 | Amber | Sheila Lock | |
| Children's Services | RM13906 | Looked After Children overspends | That the Looked After Children's budget could result in significant overspends that will need to be funded from elsewhere within Children's Services or other parts of Norfolk County Council | 16 | 8 | 31/03/2014 | Amber | Sheila Lock | |
| Environment Transport and Development | RM14113 | Failure in the delivery of the Willows Power and Recycling Centre. | Failure in the delivery of the Willows Power and Recycling Centre leading to a contract termination would result in a financial impact to the County Council through the likely need for payment of compensation to the contractor (estimated as high as £33m in the last year but subject to fluctuation), combined with the costs of securing and delivering alternative solutions and the loss of expected savings and potential for additional income. | 20 | 6 | 01/04/2017 | Red | Tom McCabe | |

| 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 |
|---------------------------------------|-------------|---|--|--------------------|-------------------|-------------|---|---------------|
| Environment Transport and Development | RM0201 | Failure to implement Norwich Northern Distributor Route (NDR) and the Postwick Hub junction improvement | NDR Failure to implement the NDR would result in the inability to implement significant elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan including pedestrian enhancements in the city centre, public transport improvements (including some Bus Rapid Transit corridors), traffic management in the suburbs, reductions in accidents and would result in an increase in congestion affecting public transport reliability. It would also result in a reduction in our capacity for economic development and negatively impact on Norfolk County Council's reputation. Inability to deliver the NDR will also affect the growth planned as part of the Joint Core Strategy. | 12 | 8 | 01/11/2014 | Amber | Tom McCabe |
| | | | Postwick Hub The impact of an unsuccessful Public Inquiry on Postwick Hub Junction Side Road Orders (considered necessary by Government Office) will potentially affect the viability of the NDR and the benefits set out in relation to its delivery. It will also result in a failure to deliver immediate growth in employment and some housing development. In addition, the P&R extension is not possible without the completion of Postwick Hub | | | | | |
| Community Services Transformation | RM14079 | Failure to meet the long term needs of older people | If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care. | 25 | 8 | 31/03/2030 | Amber | Harold Bodmer |
| Community Services Transformation | RM0207 | Failure to meet the needs of older people | If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. | 12 | 8 | 31/03/2014 | Green | Harold Bodmer |
| Corporate | RM0200 | Capacity for change - Insufficient capacity for business transformation | 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. 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 | 31/03/2017 | Amber | Anne Gibson |

| 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 |
|---|-------------|---|---|--------------------|-------------------|-------------|---|---------------|
| HR Shared Services | RM13918 | Staffing - The speed and severity of change in work activities. | The risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected. 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 | 31/03/2017 | Green | Audrey Sharp |
| HR Shared Services Business Continuity | RM14097 | Shortage of personnel for a variety of reasons e.g.. 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 |
| Environment Transport and Development Business Continuity | RM14098 | Incident at key NCC premises or adjacent causing loss of access or service disruption | The risk that fire, flood or structural damage could cause disruption for services due to loss of the building or loss of access to the building. | 9 | 6 | 31/03/2014 | Amber | Tom McCabe |
| 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 | 31/03/2015 | 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 |
| Resources Procurement | RM14156 | Liability for legal challenge to procurements conducted by ESPO | The Eastern Shires Purchasing Organisation is a joint committee and the council, as a member authority, is liable for a share of any legal claim against ESPO which exceeds ESPO's modest reserves. | 6 | 6 | 27/02/2015 | Green | Peter Timmins |
| Resources 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 | 30/06/2014 | Green | Al Collier |

| 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 |
|--------------------------------------|-------------|--|---|--------------------|-------------------|-------------|---|-----------------|
| 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. | 6 | 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. | 4 | 5 | 31/03/2014 | Met | Peter Timmins |
| Resources Corporate Programme Office | RM14146 | Failure to effectively manage County Hall refurbishment and maintenance. | Failure to effectively manage County Hall refurbishment and maintenance during the project may lead to: <ul style="list-style-type: none"> • Excessive dust and noise resulting in interruption to work-related activities • Release of asbestos resulting in the contamination of working areas and long term health issues. • Flooding, specifically of the server room, resulting in delays to service delivery. • Heightened risk of fire damage and personal injury due to inadequate fire alarm and evacuation systems. | 15 | 5 | 31/03/2016 | Green | Harvey Bullen |
| Corporate | RM14154 | Introduction of committee system | Failure to introduce a workable committee system for the purpose of decision-making and scrutiny within Norfolk County Council by May 2014 may lead to confusion delayed decision making and reduced scrutiny. Likely consequences include an inability to achieve suitable outcomes, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 6 | 3 | 31/05/2014 | Amber | Debbie Bartlett |
| Corporate | RM14155 | Embedding the committee system | Failure to embed a successful and fit for purpose committee system of governance within Norfolk County Council to cover the statutory five year period from 2014 to 2019 may lead to flawed and/or delayed decision making. Likely consequences include missed opportunities, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 8 | 8 | 31/12/2014 | Green | Debbie Bartlett |

| CDGSTP | 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 |
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| C | Environment Transport and Development | RM0201 | Failure to implement Norwich Northern Distributor Route (NDR) and the Postwick Hub junction improvement | <p>NDR Failure to implement the NDR would result in the inability to implement significant elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan including pedestrian enhancements in the city centre, public transport improvements (including some Bus Rapid Transit corridors), traffic management in the suburbs, reductions in accidents and would result in an increase in congestion affecting public transport reliability. It would also result in a reduction in our capacity for economic development and negatively impact on Norfolk County Council's reputation. Inability to deliver the NDR will also affect the growth planned as part of the Joint Core Strategy.</p> <p>Postwick Hub The impact of an unsuccessful Public Inquiry on Postwick Hub Junction Side Road Orders (considered necessary by Government Office) will potentially affect the viability of the NDR and the benefits set out in relation to its delivery. It will also result in a failure to deliver immediate growth in employment and some housing development. In addition, the P&R extension is not possible without the completion of Postwick Hub</p> | 01/04/2005 | 3 | 4 | 12 | 3 | 4 | 12 | <p>Following confirmation of funding, complete work required by DfT to regularly report on-going project progress for the NDR and Postwick Hub to maintain funding allocation. Work on Nationally Significant Infrastructure Projects (NSIP) process for delivery of necessary Development Consent Orders for NDR.</p> <p>Work with Highways Agency to finalise the processes for Secretary of State approval for the side & slip roads orders for Postwick Hub. Begin processes to prepare construction phase of the Hub. Respond as necessary to the outcome of the JCS legal challenge decision by the High Court. One element of the challenge was the NDR and the outcome of the decision was that the NDR is acceptable within the baseline of the JCS. However, there was a requirement to remedy an issue in relation to the Sustainability Appraisal and this has been resolved by working with legal teams and GNDP team. JCS re-examination on remitted text completed in May, and further hearing was held in July 13. Revised text proposed by the Inspector has been consulted and Inspectors report was issued in Nov 13. The outcome is no significant change to the JCS as proposed and it was expected to be adopted in its final form in January 14</p> | <p>The Transport Secretary announced on the 26 October 2012 that the NDR has been included in a 'Development Pool' of schemes. DfT have now reconfirmed funding for the NDR and Postwick Hub (max contribution of £86.5m). However the funding cannot be drawn down for the NDR until 'Full Approval' stage, which follows completion of statutory processes (planning consent and orders). Cabinet (3 December 2012) approved the option to utilise the Nationally Significant Infrastructure Projects (NSIP) route for the planning process. This consolidates the planning/land CPOs/highway Orders into one process overseen by the Planning Inspectorate. This provides more confidence in the timescales to deliver the NDR, with the potential to commence construction in the Spring of 2015 and open the NDR in 2017. DfT have completed consulting on changes to the NSIP criteria and changes to the Planning Act have been made, which affect the NDR, and this has been resolved with DfT through a Section 35 application and the Secretary of State has confirmed the NDR is of national significance. The Joint Core Strategy was adopted by all Councils on 22 March 2011. A legal challenge to the JCS was received and was heard in the High Court on 6/7 December 2011. Mr Justice Ouseley handed down his judgement on 24 February 2012 and has ruled that the inclusion of the NDR in the JCS is effectively sound as it should be included in the baseline model for future development and also that it is embedded within existing policies such as the East of England Plan, the Norwich Area Transport Strategy (NATS) and the Local Transport Plan. The Development Consent Order for the NDR was submitted 7 January 2014 and was accepted by the Planning Inspectorate on 4 February 2014. The NDR examination in public is now anticipated to commence in May 2014.</p> <p>Planning consent was reconfirmed 18 Oct 2011. Public Inquiry for Postwick Hub Side Roads Orders had been postponed from its planned start date of 25 September 2012 and was rescheduled to start on 3 July 2013, and is now completed. The Inspectors report was issued to Secretary of State (SoS) on 4 November 2013. This is the last step in the statutory process and assuming successful will mean construction starting April 2014 following draw down of £19m DfT Development Pool funding. The Secretary of State confirmed the making of the orders for the Postwick Hub on 8 January 2014 (following the public inquiry in July 2013) and these were published on 31 January 2014 (but are subject to a 6 week legal challenge period). Initial site clearance works to deal with environmental constraints (bird nesting) were completed mid-February 2014.</p> | 2 | 4 | 8 | 01/11/2014 | Amber | Tom McCabe | David Allfrey | 05/03/2014 |
| C | Community Services Transformation | RM14079 | Failure to meet the long term needs of older people | <p>If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.</p> | 11/10/2012 | 5 | 5 | 25 | 5 | 5 | 25 | <ul style="list-style-type: none"> Take steps to protect the Purchase of Care budget when budget planning prior to 2014-17. Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities Ensure budget planning process enables sufficient investment in adult social care particularly in year 3 of current plan. Continue to: try and manage needs; to identify and deliver savings in the Adult Social Care budget plan; and to ensure the issues are understood and discussed corporately. | <p>The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. Although steps have been taken to protect the Purchase of Care budget in previous budget planning, the proposals for 2014-17 have had to include savings from the Purchase of Care budget. These savings will be implemented from 1 April 2014 and the actions are in hand to achieve these.</p> <p>The Draft Care and Support Bill including changes in social care funding will impact significantly: more people eligible for social care funding; less service user contributions; and it is not clear whether there will be additional/sufficient government funding. The detail of the Bill is not available yet.</p> | 2 | 4 | 8 | 31/03/2030 | Amber | Harold Bodmer | Janice Dane | 17/03/2014 |

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|--------|-----------------------------------|-------------|---|---|-------------------------------|---------------------|-----------------|---------------------|--------------------|----------------|--------------------|---|--|-------------------|---------------|-------------------|-------------|---|---------------|----------------------------|------------------------------|
| | | | | | | 3 | 4 | 12 | 3 | 4 | 12 | | | 2 | 4 | 8 | | | | | |
| C | Community Services Transformation | RM0207 | Failure to meet the needs of older people | If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. | 01/04/2011 | 3 | 4 | 12 | 3 | 4 | 12 | <ul style="list-style-type: none"> Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities Ensure budget planning process enables sufficient investment in adult social care particularly in year 3 of current plan | <p>Got 2012-13 Winter Pressures funding of £1.498m - carried forward to 2013-14. A review of the fees paid to the independent sector was undertaken in 2012-13 and informed the inflationary uplift discussions with provider representatives for 2013-14 and 2014-15. NHS Norfolk and Great Yarmouth should provide £1.3m of reablement monies in 2014-15 to help fund the Norfolk First Support and Swifts services. Following the setting up of Norse Care in April 2011 the Building Better Futures 15 year transformation programme of the previous in house residential homes is starting with the reprovision of three residential homes in the Eastern Locality.</p> <p>There project on Support for Self Funders has been delivered and the department is relaunching the Care Aware service, which provides independent financial advice.</p> <p>Most of the 2013-14 budgeted savings have been achieved and where they haven't they are offset by underspends elsewhere in the department. Actions are in place to deliver the 2014-17 savings but there are risks associated with the savings.</p> | 2 | 4 | 8 | 31/03/2015 | Amber | Harold Bodmer | Janice Dane | 17/03/2014 |
| C | Corporate | RM0200 | Capacity for change - Insufficient capacity for business transformation | 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. 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: Progress is being made in building resource and capacity management into management team discussions, with a particular focus on Shared Services. Resource issues impacting the delivery of the NCC change programme are being 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 COG for resolution.</p> <p>Process, Behaviour and Planning: Project and programme resource pinch points are being addressed at project and programme board level for resolution and escalated to RMT only when they cannot be resolved.</p> <p>Systems and Management Information: A Portfolio and Resource Management System has been purchased and is currently in phase 1 pilot for the Shared Services Programme with a view to rolling it out across the Directorate Transformation Programmes over the next 3 months.</p> | 2 | 4 | 8 | 31/03/2017 | Amber | Anne Gibson | Diana Dixon | 14/03/2014 |

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| | | | | | | 3 | 4 | 12 | 3 | 4 | 12 | | | 2 | 4 | 8 | | | | | |
| C | HR Shared Services | RM13918 | Staffing - The speed and severity of change in work activities. | The risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected. 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 surveys 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 in December 2013 confirmed no change to prospects or current score. 12 March 2014 - New employee survey scheduled for May 2014. No change to scoring or prospects. | 2 | 4 | 8 | 31/03/2017 | Green | Audrey Sharp | Kerry Furness | 12/03/2014 |
| C | HR Shared Services Business Continuity | RM14097 | Shortage of personnel for a variety of reasons e.g.. 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 Ian Cooper - Maintain critical skills within NCC's Corporate HR system.</p> | <p>11 March 2014: Arrangements established for bringing together focused Org Review Team to support change programme. Retention of specialist resource agreed to March 15. Continuing management of high demand on Payroll and ESC staff due to LGPS2014, TP and RTI.</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 | Ian Cooper | 12/03/2014 |

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|--------|---|-------------|---|---|-------------------------------|---------------------|-----------------|---------------------|--------------------|----------------|--------------------|---|--|-------------------|---------------|-------------------|-------------|---|------------|----------------------------|------------------------------|
| C | Environment Transport and Development Business Continuity | RM14098 | Incident at key NCC premises or adjacent causing loss of access or service disruption | The risk that fire, flood or structural damage could cause disruption for services due to loss of the building or loss of access to the building. | 01/04/2013 | 3 | 3 | 9 | 3 | 3 | 9 | <p>BCPR001 John Ellis To ensure a corporate approach to work area recovery is agreed.</p> <p>BCPR005 Adrian Blakey Ensure robust out of hours arrangements for all premises access in the event of an incident exist.</p> <p>BCPR007 Graham Wray To ensure evacuation procedures are in place which minimise disruption and support recovery.</p> | <p>Update August 2013: Progress continues, WAR sites being visited. Engaged in County Hall Strategic Repair Project. BIA's results currently being analysed.</p> <p>Update September 2013: Assessments begun of existing NCC key premises and WAR requirements in order to progress new Corporate WAR proposal.</p> <p>October: Assessments begun of existing NCC key premises and WAR requirements in order to progress new Corporate WAR proposal.</p> <p>January 2014: Assessment of premises in progress.</p> <p>In the short term, proposals for out-of-hours cover have been documented by NPS and agreed, this builds on existing arrangements, it includes all corporate properties not just County Hall. In the longer term this issue will be addressed by the NPS Service Level Agreement (SLA). Also includes out of hours contacts for premises managers and key holder details.</p> <p>Update August 2013: Still awaiting finalised SLA publication. Issue linked to contactability of premises managers and the wider issue of NPS out of hours arrangements.</p> <p>January 2014: Premises managers are detailed in C2 along with key holder information, department access to this is to be confirmed by Ben Fosdick. This will provide us with contact information required but the approach regarding how an out-of-hours service would work regarding properties other than County Hall is still to be confirmed. It will be outlined in the SLA, however the SLA is currently on hold following the request of a review of a client side property department.</p> <p>Update August 2013: evacuation signs were erected however vandalised the same day and therefore requirements are being re-assessed. evacuation procedural documentation awaiting review by NPA. Report being produced by NPS following planned evacuation exercise on 14.07.2013.</p> <p>Update September 2013: new signage was erected but unfortunately vandalised the same day and had to be removed so further assessments need to be made of the available options. Still awaiting updated evacuation guidance from NPS</p> <p>October: new signage was erected but unfortunately vandalised the same day and had to be removed so further assessments need to be made of the available options. Still awaiting updated evacuation guidance from NPS.</p> <p>January 2014: This will be raised via NPS at the next liaison meeting and a paper has been drafted to go to COG which includes this issue. All options have previously been considered at length and considerable expense in officer time and NPS consultancy charges, we now need to ensure that NPS implement the agreed option.</p> <p>February 2014: Changes to County Hall and additional exit/entrance points will mean that evacuation arrangements will change and communication will be more complicated. Flags at bronze control may now not be a solution given the changes. Placed on hold pending meeting/discussion with Mick Sabec.</p> | 3 | 2 | 6 | 31/03/2014 | Amber | Tom McCabe | John Ellis | 27/03/2014 |

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| | | | | | | | | | | | | BCPR009 Andrew Crossley To create an alternative exit for CH for use in emergency. | Land has been cleared, instruction provided not to re-let mobiles blocking exit, Highways are happy. Currently being reviewed by planners to provide planning permission. August 2012. Update September 2013: this has been highlighted as a significant risk to NCC due to the strategic repair of County Hall. report went to Norwich City for consultation with cabinet which was due July 2013 but has now been postponed until November 2014. Results from this need to be obtained prior to resubmission of planning documents for consideration. Update January 2014: this has been highlighted as a significant risk to NCC for a number of reasons, the most recent being the strategic repair of County Hall. report went to Norwich City for consultation with cabinet which was due July 2013 but has now been postponed until November 2014. Results from this need to be obtained prior to resubmission of planning documents for consideration. February 2014: Report received from NPS, LR has provided a full response on behalf of the Resilience Team including responses to previous objectors. Once NPS have reviewed comments they will advise us so we can discuss with relevant Members. | | | | | | | | | | | | | | |
| 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 | BCI001 - Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience | 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. Dec 2013 - ongoing, new systems and major changes being delivered via ICT Programme comply with latest best practice to ensure agreed performance and availability 24 February 2014 - ICT systems and services will migrate to Tier 3 (National infrastructure) data centres as part of DNA during 2014. As part of this work HP will deliver a Business Continuity plan and Disaster recovery plan for the services transferring and update them as the work progresses. The corporate Business Continuity Team will be directly involved. | 2 | 3 | 6 | 31/03/2015 | Amber | Tom Baker | Kurt Frary | 24/02/2014 | | | | | | |
| | | | | | | | | | | | | BCI002 - 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 | 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 Dec 2013 - ongoing, DNA programme of information and application discovery works now in progress to confirm baseline 24 February 2014 - ICT Business Continuity plans are to be reviewed Feb 2014 and updated March 2014 to reflect lessons learnt as part of the datacentre power outage major incident. | | | | | | | | | | | | | | |
| | | | | | | | | | | | | BCI003 - 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 | 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 Dec 2013 - DNA contract awarded to HP, detail planning for migration of data centre services due early 2014 24 February 2014 - Kurt Frary Infrastructure services manager has worked with business continuity team to review the BIA for ICT and will feed the outcome into | | | | | | | | | | | | | | |

| CDGSTP | 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 | | |
|--------|------------------------|-------------|---|---|-------------------------------|---------------------|-----------------|---------------------|--------------------|----------------|--------------------|--|--|-------------------|---------------|-------------------|-------------|---|---------------|----------------------------|------------------------------|--|--|
| | | | | | | | | | | | | BCI004 - Ensure provision of appropriate ICT support for business services operating outside of standard business hours | 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. Dec 2013 - ICT out of hours support arrangements worked effectively during 'Storm surge' emergency incident 24 February 2014 - DNA was approved in November 2013 and work has commenced to plan the migration of services as per BCI001 | | | | | | | | | | |
| 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 | 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 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 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 | An Information Management Shared Service has been established to integrate all information activities, including Information Compliance and Information Security. Practitioners will be co-located, and common processes and procedures introduced where they do not already exist. Formal launch of the service took place on 02 May 2013. Appointments made to the new IM Shared Service. SLA developed and published in April 2013. 17 June 2013 A steady increase in the number of potential breaches reported indicated a maturing level of awareness of the risk and therefore a reduction to the current likelihood score may be considered in future. Reviewed 19 August 2013 - Reports now being issued COG and departments. Agreed no change to prospects or current scores. Reviewed 16 September 2013 - Recruitment issues within IM Shared Service being addressed to meet increasing demands. Concerns raised over a possible increase in future breaches due to reduced NCC staff numbers being put under pressure to perform more tasks. Reviewed 21 November 2013 - recommendations of Information Compliance Group presented to, and agreed by COG. Agreed no change to prospects and current scoring due to increased actions implemented and highlighted following recent breaches. Reviewed 04 February 2014 - no change. | 1 | 4 | 4 | 31/03/2014 | Amber | Tom Baker | Mark Crannage | 04/02/2014 | | |
| C | Resources Procurement | RM14156 | Liability for legal challenge to procurements conducted by ESPO | The Eastern Shires Purchasing Organisation is a joint committee and the council, as a member authority, is liable for a share of any legal claim against ESPO which exceeds ESPO's modest reserves. | 06/02/2014 | 3 | 3 | 9 | 2 | 3 | 6 | A review of ESPO's governance processes has been undertaken and governance is now significantly more robust than in the past. However, large scale public procurement is inherently risky and tenderers are increasingly claims conscious. | A further review of ESPO structure is to be undertaken over the next two years and the issue of a limited liability structure, previously rejected by a majority of members, will be reconsidered. | 2 | 3 | 6 | 27/02/2015 | Green | Peter Timmins | Joan Murray | 12/03/2014 | | |
| C | Resources 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. 03 October 2013 Al Collier update - Transfer risk owner to Al Collier - HotDocs roll-out delayed due to other pressures. Scores to remain, however target date to be revised to 31 March 2014. 12 March 2014 - first phase of HotDocs has been implemented for Tender documentation. Further developments planned over next 3 months.. | 1 | 4 | 4 | 30/06/2014 | Green | Al Collier | Joan Murray | 12/03/2014 | | |

| CDGSTP | 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 | 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 | 2 | 6 | <ul style="list-style-type: none"> 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. Reviewed 11 March 2014 and likelihood score reduced from 3 to 2. | 2 | 3 | 6 | 31/03/2014 | Green | Peter Timmins | Harvey Bullen | 11/03/2014 |
| 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 | 4 | 4 | <ul style="list-style-type: none"> 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 30 January 2014 the Council successfully sold, through a competitive auction, the remaining unrecovered element of its claim against the Icelandic bank, Landsbanki. Landsbanki, was one of three Icelandic banks in which the Council had invested £32.5m. The Council received just over £6m from this transaction, bringing the total recovered to date for all three Icelandic banks to £29.275m. The recovery process for Glitnir and Kaupthing will continue and it is estimated that a further £2m may be recovered. As less than £3m remains outstanding impact score reduced to 4 and prospects are amended to 'met'. | 1 | 5 | 5 | 31/03/2014 | Met | Peter Timmins | Harvey Bullen | 11/03/2014 |
| C | Resources Corporate Programme Office | RM14146 | Failure to effectively manage County Hall refurbishment and maintenance. | Failure to effectively manage County Hall refurbishment and maintenance during the project may lead to: <ul style="list-style-type: none"> Excessive dust and noise resulting in interruption to work-related activities Release of asbestos resulting in the contamination of working areas and long term health issues. Flooding, specifically of the server room, resulting in delays to service delivery. Heightened risk of fire damage and personal injury due to inadequate fire alarm and evacuation systems. | 01/11/2013 | 3 | 5 | 15 | 3 | 5 | 15 | <ul style="list-style-type: none"> Ensure the construction strategy regarding noise management is created in collaboration with client workstreams. Create and regularly test robust asbestos management plans before commencement of any construction activities. Ensure all staff and contractors are appropriately trained. Undertake a detailed assessment of existing water services, including identification of areas at high risk of failure. Create a management plan and approach to working on the system, including publishing and distributing an emergency handbook detailing the sequence of actions in the event of a discharge. Create an installation strategy to maintain effective systems of detection and alert. Fire Marshal team to be actively involved in the progress of works and included within the existing fire alarm testing regime, notifications, plans and systems. Communication plan in place to deliver | Cladding options have been developed which will reduce noise. Trial panel installed with minimal disruption to users. Out of hours working and planned noisy periods strategy being developed. Further options being developed to manage the impact of noise from the external works to the building. Asbestos management plan conforming to industry best practice, R&D surveys, specialised trained, contractors, conformance certification, pre-notification to HMRC, good separation between maintenance works and occupied areas of the building. Lessons learned from previous maintenance projects. | 1 | 5 | 5 | 31/03/2016 | Green | Harvey Bullen | Mick Sabec | 10/03/2014 |
| C | Corporate | RM14154 | Introduction of committee system | Failure to introduce a workable committee system for the purpose of decision-making and scrutiny within Norfolk County Council by May 2014 may lead to confusion delayed decision making and reduced scrutiny. Likely consequences include an inability to achieve suitable outcomes, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 16/01/2014 | 4 | 3 | 12 | 2 | 3 | 6 | <ul style="list-style-type: none"> Committee structure to be finalised. Terms of reference, roles and responsibilities of each committee and its members to be determined, finalised and published. Membership agreed and appointments completed. Appropriate communication to public issued. Key staff and Members to receive training to include roles and responsibilities. | <ul style="list-style-type: none"> Outline structure agreed by Steering Group and published to all Members Steering Group progressively signing off elements of the constitution Full Council Meeting to agree structure arranged for April 28 2014 | 1 | 3 | 3 | 31/05/2014 | Amber | Debbie Bartlett | Debbie Bartlett | 02/04/2014 |

| CDGSTP | 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 | RM14155 | Embedding the committee system | Failure to embed a successful and fit for purpose committee system of governance within Norfolk County Council to cover the statutory five year period from 2014 to 2019 may lead to flawed and/or delayed decision making. Likely consequences include missed opportunities, increased workloads for officers and Members, increased costs, reduced service levels and reputational damage to the County Council. | 16/01/2014 | 3 | 4 | 12 | 2 | 4 | 8 | <ul style="list-style-type: none"> Norfolk County Council internal and external documentation and training material reviewed and updated to reflect the Committee system. Comprehensive review to be conducted within six months of implementation followed by appropriate corrective action. | <ul style="list-style-type: none"> Agreement on format and timing for joint member-officer training. Dates to be agreed. | 2 | 4 | 8 | 31/12/2014 | Green | Debbie Bartlett | Debbie Bartlett | 02/04/2014 |

External Audit Audit Plan

Report by the Interim Head of Finance

The purpose of this report is to introduce the External Auditor's (EY) Audit Plan, at Appendix A. The report comments on the key features in the external audit plan.

A representative from EY (Ernst and Young) will attend the meeting and answer members' questions.

The Audit Committee is recommended to consider the External Auditor's Plan and whether there are other matters which may influence their audit.

1 Background

- 1.1 The Council's Financial Statements cover several reporting entities making up the Council's group accounts. Each entity has an audit plan for the financial year and these are provided by different auditors. The external audit plans are described in the table below for reference.

Table 1: Entities and External Audit Arrangements

| Entity | Auditor |
|---------------------------------|--|
| Norfolk CC | EY |
| Norfolk Pension Fund | EY |
| Norse Group | Grant Thornton |
| Norfolk Joint Museums Committee | EY |
| Norfolk Records Committee | Mazars (Small Bodies Appointed Auditor) |
| Independence Matters | EY |
| Hethel Innovation Limited | Small Companies Exemption from Audit - Companies Act 2006 (part 476 and 477) |

- 1.2 The External Auditor EY (Ernst and Young) provided the Committee with an Audit Plan for the Council, attached as Appendix A.
- 1.3 This report sets out the approach and scope for the 2013-14 external audit in line with required legislation*, best practice and summarises the External Auditor's assessment of the key risks which drive the development of an effective audit for the County Council and outlines their planned audit strategy in response to those risks.

*

<http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/statement-of-responsibilities-of-auditors-and-audited-bodies/>

1.4 Items of particular note from the plan are:

- The Financial Statement Risks, at part 2 – which include monitoring developments with the Willows Waste contract
- The Economy, efficiency and effectiveness 'Other Risks', at part 3
- That EY will also issue a statutory audit opinion on the Council's subsidiary company, Independence Matters Ltd, at part 4.1.1 Financial statement audit
- Other procedures - Reviewing and assessing the impact on the decision making processes of the Council from introducing a Committee structure, at part 4.2.5 (final point)
- The indicative fee scale for the Council's audit remains at £156,060, together with an estimated fee of £4,300 for the certification of claims, at part 4.4
- The timetable for reporting, which is set out in part 4.6.

1.5 A representative from EY will attend the meeting and answer members' questions.

2 Section 17 Crime and Disorder Act

- 2.1 Under section 17 of the Crime and Disorder Act, the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 2.2 Internal Controls, including those assessed under the use of resources, help by aiming to deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime.

3 Risk Management

- 4.1 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

4 Equalities Impact Assessment and other implications

- 4.1 There are no equalities impacts or other implications arising from this report.

5 Conclusion

- 5.1 The Audit Committee should consider the External Auditor's Plan and whether there are other matters which may influence their audit.

6 Recommendation

- 6.1 The Audit Committee is recommended to consider the External Auditor's Plan and whether there are other matters which may influence their audit

Adrian Thompson
Chief Internal Auditor
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If you would like this report in large print, audio, Braille, alternative format or in a different language please contact Adrian Thompson on telephone 01603 222784 or 01603 223833 (minicom) and we will do our best to help.

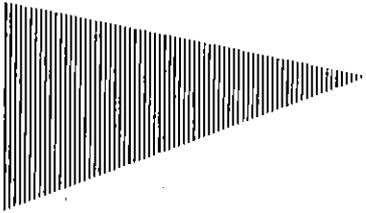


Norfolk County Council

Year ending 31 March 2014

Audit Plan¹

24 April 2014



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Audit Committee
Norfolk County Council
County Hall
Martineau Lane
Norwich
Norfolk
NR1 2DH

24 April 2014

Dear Members,

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2013/14 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Audit Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for Norfolk County Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 24 April 2014 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Rob Murray
Audit Director
For and on behalf of Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

1.1 Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with:

- ▶ Our audit opinion on whether the Council's financial statements give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended.
- ▶ A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on the Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the business and regulatory environment.
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and by focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In part 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to the financial statements audit, and outline our plans to address these risks. Details of our audit process and strategy are set out in more detail in section 4 and summarised below.

We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2014.

1.2 Our process and strategy

1.2.1 Financial statement audit

We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. We set our materiality based on the Council's level of gross revenue expenditure. We carry out an initial assessment of materiality using the financial statements for 2012/13 but will update this when we receive the draft and final 2013/14 financial statements. We also consider the size of useable reserves, the Council's financial position, its public profile and the reporting and challenge history. Our audit is designed to identify errors above materiality.

We aim to rely on the Council's internal controls in the key financial systems. We identify the controls we consider important and seek to place reliance on Internal Audit's testing of those controls. Where control failures are identified we consider the most appropriate steps to take.

We seek to place reliance on the work of Internal Audit wherever possible. We have already liaised with Internal Audit, established the systems they are testing and made arrangements to review this work.

There has been no change to the scope of our audit compared to previous audits.

1.2.2 Arrangements for securing economy, efficiency and effectiveness (value for money conclusion)

We adopt an integrated audit approach such that our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

We have considered the risks relevant to our value for money conclusion and have at this stage have not identified any significant risks requiring specific risk-based work. We will keep our risk assessment under review taking into account: our discussions with the Council; our review of reports and minutes; the results of Internal Audit work; our opinion and certification work; review of the Annual Governance Statement and the work of other regulators. We will also review progress on the Council's financial plans and programme.

The focus of our 2013/14 work in relation to our value for money conclusion is summarised within section 3 of this plan.

2. Financial statement risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing the Council, identified through our knowledge of the entity's operations and discussion with members and officers.

| Significant risks (including fraud risks) | Our audit approach |
|--|--|
| <p>Group accounts</p> <p>Norse Group Ltd is a significant component company within the Norfolk County Council group. Norse Group Ltd is significant to the group based on both its size and other risk factors; specifically that it has a non-coterminous year end.</p> <p>Production of statements and disclosure notes for the group accounts and the closedown and consolidation process for Norse Group Ltd therefore presents a significant financial statement risk.</p> <p>One specific risk identified as part of last year's audit was the weak audit trail that supported the reanalysis of the Norse Group Profit and Loss Account into the SERCOP analysis required for the Norfolk County Group CIES.</p> | <p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Assessing the group accounting instructions and consolidation schedules issued to Norse Group Ltd by Norfolk County Council. ▶ Liaising with Grant Thornton LLP, the external auditors of the Norse Group, and issuing them with instructions that detail the required audit procedures they are to undertake on the consolidation schedules prepared by Norse. These instructions specifically refer to the SERCOP analysis audit trail issue. ▶ Ensuring that appropriate consolidation procedures are applied when consolidating Norse Group Ltd into the Norfolk County group accounts. |
| <p>Pension valuations and disclosures</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.</p> <p>The information disclosed is based on the IAS19 report issued to the Council by the actuaries to the administering body.</p> <p>During the year under audit, the IAS 19 liability relating to those employees who work for Norse Companies providing services to Norfolk County Council was transferred back to the County Council. This will therefore increase the IAS 19 liability disclosed on the County Council Balance Sheet.</p> | <p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Liaising with the auditors of the administering authority, to obtain assurances over the information supplied to the actuary in relation to the Norfolk County Council. ▶ Assessing the conclusions drawn on the work of the actuary by the Consulting Actuary to the Audit Commission, PwC. ▶ Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. ▶ Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to the Norse IAS 19 liability transfer. |

Localisation of business rates

There have been significant changes in the arrangements for business rates from April 2013. The detailed application of these new accounting arrangements present a risk in terms of the financial statements.

One of the main changes is that individual councils now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods. As appeals are made to the Valuation Office, councils may not be aware of the level of claims. Councils may also find it difficult to obtain sufficient information to establish a reliable estimate.

- ▶ We will review the detailed accounting for business rates to ensure the Council's accounts are materially accurate and compliant with the CIPFA Code of practice.
- ▶ We will review the Council's provision for business rate appeals to ensure it has been calculated on a reasonable basis. As part of this we will ensure the provision is supported by appropriate evidence including review of information provided by the borough and district councils, as Norfolk County's provision will comprise a share of the provision made by each borough and district council.

Risk of management override

As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement

Our approach will focus on:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewing accounting estimates for evidence of management bias; and
- ▶ Evaluating the business rationale for significant unusual transactions.

Other financial statement risks

Our audit approach

Foundation Schools and Academies

Schools have continued to convert to academy or foundation school status during 2013/14. This has implications for the treatment of the schools' property, plant and equipment, debtors, creditors, cash, balances and income (including dedicated schools grant) and expenditure within the Council's accounts.

There is a risk that these schools' transactions and balances may be either incorrectly included or omitted.

Our approach will focus on:

- ▶ The arrangements for agreeing with the schools the assets, liabilities and balances for transfer.
- ▶ Reviewing how the transfers have been accounted for.

Other financial statement risks

Our audit approach

The Willows Waste Contract

The Council is party to a high value contract regarding the proposed Willows Waste incinerator plant. The Council is currently awaiting the planning decision for this contract from the Secretary of State.

The penalties relating to a termination would be highly material and therefore the council has, in previous accounting periods, disclosed a contingent liability regarding this issue.

Our approach will focus on:

- ▶ Monitoring developments with the contract; specifically any future decision to terminate the contract; and
- ▶ The adequacy of the Council's disclosures regarding this issue, specifically consideration of whether this item continues to be disclosed as a contingent liability or whether it becomes a provision under IAS 37.

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may make reference to it in our reporting to you.

3. Economy, efficiency and effectiveness

Our work will focus on:

- ▶ Whether there are proper arrangements in place for securing financial resilience at Norfolk County Council; and
- ▶ Whether there are proper arrangements in place at Norfolk County Council to secure economy, efficiency and effectiveness in the use of resources.

We have undertaken our risk assessment and have not identified any significant risks. The table below provides a high-level summary of our areas of focus for our 2013/14 work.

| Other risks | Impacts arrangements for securing: | Our audit approach |
|--|--|--|
| The Willows Waste Contract | | |
| <p>The Council is party to a high value contract regarding the proposed Willows Waste incinerator plant. The Council is currently awaiting the planning decision for this contract from the Secretary of State.</p> <p>The Council has in the past considered terminating this contract. The penalties relating to termination are highly material and at present General Fund reserves are at the minimum specified by the s151 officers under the Prudential Code.</p> | Financial resilience | <p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Monitoring developments with the contract; specifically the planning decision and any future decision to terminate the contract; ▶ The adequacy of the Council's reserve that has been set aside to meet a proportion of potential termination costs; ▶ The impact of termination and the related penalties on general fund reserves and on the Council's budget setting process and ability to achieve the savings required. |
| Pressures from economic downturn | | |
| <p>To date the Council has responded well to the financial pressure resulting from the continuing economic downturn. However, the Comprehensive Spending Review will continue to impact on the Council's budget and medium term financial planning during current and forthcoming financial years</p> | <p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p> | <p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ The adequacy of the Council's budget setting process; ▶ The robustness of any assumptions; ▶ The effective use of scenario planning in budget setting; ▶ The effectiveness of in year monitoring against the budget; ▶ The Council's approach to prioritising resources. |

| Other risks | Impacts arrangements for securing: | Our audit approach |
|---|---|---|
| Localisation of business rates | | |
| From April 2013, billing councils are able to retain some income from local business rates rather than paying the full amount to central government. This localisation of business rates will impact upon the Council's income as a precepting authority. | Economy, efficiency and effectiveness Financial resilience | Our approach will focus on: ▶ Whether outcomes of the new arrangements are in line with the Council's plan and the impact on the Council's budget. |

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principle objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources

We issue a two-part audit report covering both of these objectives.

4.1.1 Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland). This opinion covers the Council's financial statements. We issue a separate opinion on the financial statements of the Local Government Pension Scheme.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on the Whole of Government Accounts return.

We will also issue a statutory audit opinion on Norfolk County Council's subsidiary company, Independence Matters Ltd. In respect of this subsidiary we will plan our audit procedures to identify misstatements that could be material to the statutory financial statements of the individual entity.

4.1.2 Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

4.2 Audit process overview

Our audit involves:

- ▶ Assessing the key internal controls in place and testing the operation of these controls
- ▶ Review and re-performance of the work of Internal Audit
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts in relation to areas such as pensions and property valuations
- ▶ Substantive tests of detail of transactions and amounts

4.2.1 Processes

We are currently undertaking our initial assessment of the controls and processes implemented by the Council in order to identify those key processes where we will seek to test key controls, relying where possible on the work of internal audit. For those material items of account where we will not rely on controls; these will be tested substantively at year end.

4.2.2 Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests.
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

4.2.3 Internal audit

As in prior years, we will review Internal Audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

4.2.4 Use of experts

We will utilise specialist Ernst & Young resource, as necessary, to help us to form a view on judgments made in the financial statements. At the moment we expect those areas to include pension's valuation experts only.

4.2.5 Other procedures

In addition to the key areas of emphasis outlined we have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline the procedures we will undertake during the course of our audit.

Mandatory procedures required by auditing standards on:

- ▶ Addressing the risk of fraud and error
- ▶ Significant disclosures included in the financial statements

- ▶ Entity-wide controls
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements
- ▶ Auditor independence.

Procedures required by the Code on:

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO
- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Authority's corporate performance management and financial management arrangements and reporting on these arrangements

Other procedures relevant to the current year:

- ▶ Reviewing, and assessing the impact on the decision making processes of the Council, changes to the Council's corporate governance arrangements, namely the introduction of a Committee structure to replace the pre-existing Cabinet structure.

4.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition.

We have not yet finalised our overall materiality for the Council's financial statements, but this is likely to be set at £25.8 million based on 2% of gross operating expenditure. We will communicate our final materiality levels to Members at a future Audit Committee. We will communicate uncorrected audit misstatements greater than £1 million to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

4.4 Fees

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the Council's audit is £156,060, together with an estimated fee of £4,300 for the certification of claims. This fee is predicated on the Council preparing financial statements for audit which are free from material error and which are supported by good quality working papers.

4.5 Your audit team

The engagement team is led by Rob Murray, who has significant experience on the external audit of Norfolk County Council. Rob Murray is supported by Philip King who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the Head of Finance.

4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts; and the deliverables we have agreed to provide to through the Audit Committee cycle in 2014. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a formal report to the Audit Committee in September, incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

| Audit phase | Timetable | Audit Committee timetable | Deliverables |
|---|------------------|---------------------------|---|
| High level planning | January | | Audit Fee letter |
| Risk assessment and setting of scopes | February - March | Audit Committee | Audit Plan |
| Testing of routine processes and controls | March-April | | Reporting of any significant matters if required |
| Draft accounts | June | | Accounts received for audit |
| Year-end audit including WGA | July – August | | |
| Reporting | September | Audit Committee | Report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificate |
| Reporting | October | | Annual Audit Letter |
| Reporting | December | | Annual report on the certification of grant claims and returns |

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

| Required communications | |
|--|---|
| Planning stage | Final stage |
| <ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us. ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review. ▶ The overall assessment of threats and safeguards. ▶ Information about the general policies and process within EY to maintain objectivity and independence. | <ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed. ▶ Details of non-audit services provided and the fees charged in relation thereto. ▶ Written confirmation that we are independent. ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and the Council's policy for the supply of non-audit services by EY and any apparent breach of that policy. ▶ An opportunity to discuss auditor independence issues. |

In addition, during the course of the audit, we are required to communicate whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

5.2.1 Self interest threats

A self interest threat arises when EY has financial or other interests in the entity. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long-outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

There are no other self interest threats at the date of this report.

5.2.2 Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

5.2.3 Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

5.2.4 Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

5.2.5 Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Rob Murray, your audit engagement director, and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 29 June 2012 and can be found here: [UK 2013 Transparency Report](#)

Appendix A Fees

A breakdown of our agreed fee is shown below.

| | Planned Fee 2013/14 £ | Actual Fee 2012/13 £ | Explanation of variance |
|-------------------------------------|-----------------------------|----------------------------|----------------------------|
| Total Audit Fee – Code work | 156,060 | 184,735* | See below |
| Certification of claims and returns | 4,300 | 4,300 | N/A |

* Additional fees were charged in 2012/13 as follows:

- ▶ £14,300 for instructing; liaising with; and reviewing the work of the auditors of Norse Group Ltd. This fee will recur in 2013/14.
- ▶ £14,375 for Dealing with elector and Member correspondence and issues with regard to the Willows Waste Project

The agreed fee presented above is based on the following assumptions:

- ▶ The Council provides good quality draft accounts which have undergone senior management review by 30 June 2013 and working papers which have similarly undergone review by 30 June 2013.
- ▶ Officers provide appropriate responses to queries and other information we request within the agreed timescales to allow us to complete the audit fieldwork by September 2013.
- ▶ We are able to place reliance, as planned, on the work of Internal Audit.
- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year.
- ▶ No significant changes are made by the Audit Commission to the use of resources criteria on which our conclusion will be based.
- ▶ Our accounts opinion and use of resources conclusion will be unqualified.
- ▶ The Council maintains an effective control environment.
- ▶ There are no questions asked or objections made by local government electors.
- ▶ If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Head of Finance and the Audit Committee in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee of audited clients. These are detailed here:

| Required communication | Reference |
|--|---|
| <p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit including any limitations.</p> | Audit Plan |
| <p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits | Report to those charged with governance |
| <p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant | Report to those charged with governance |
| <p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud | Report to those charged with governance |
| <p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity | Report to those charged with governance |
| <p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures | Report to those charged with governance |

| Required communication | Reference |
|--|--|
| <p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of | <p>Report to those charged with governance</p> |
| <p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>For listed companies, communication of minimum requirements as detailed in the ethical standards:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the audited body and senior management ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the ethical standards ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence | <p>Audit Plan</p> <p>Report to those charged with governance</p> |
| <p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements | <p>Report to those charged with governance</p> |
| <p>Significant deficiencies in internal controls identified during the audit</p> | <p>Report to those charged with governance</p> |
| <p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken | <p>Annual Report to those charged with governance summarising grant certification</p> |
| <p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit | <p>Audit Plan</p> <p>Report to those charged with governance and Annual Audit Letter if considered necessary</p> |

Appendix C Detailed scopes

Our objective is to form an opinion on the group's consolidated financial statements under International Standards on Auditing (UK and Ireland).

We set audit scopes for each reporting unit which, when taken together, enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each reporting unit.

- ▶ **Full scope:** locations deemed significant based on size and those with significant risk factors are subject to a full scope audit, covering all significant accounts and processes using materiality levels assigned by the Ernst & Young Cambridge audit team for purposes of the consolidated audit. Procedures are full-scope in nature, but may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements (as materiality thresholds support to the consolidated audit).
- ▶ **Specific scope:** locations where only specific procedures are performed by the local audit team, based upon procedures, accounts or assertions identified by the Ernst & Young Cambridge audit team.
- ▶ **Limited Scope:** limited scope procedures primarily consist of enquiries of management and analytical review. On-site or desk top reviews may be performed, according to our assessment of risk.

Our audit approach is risk based and following an assessment of the risks presented by the significant component company within the Norfolk County Council group, Norse Group Ltd., the preliminary audit scope we have adopted to enable us to report on the group accounts is set out below:

- Due to its significance to the group, based on both its size and other risk factors, Norse Group Ltd has been assessed as a full scope component. We have therefore instructed Grant Thornton LLP, the external auditors to the Norse Group, to undertake a full scope audit of the consolidation pack prepared by the Norse Group, covering all significant accounts and processes and using a materiality level that we have assigned

ISA 600 (UK and Ireland) requires that we provide you with an overview of the nature of our planned involvement in the work to be performed by the auditors of group component companies. As noted above, we have instructed Grant Thornton LLP to undertake a full scope audit of the consolidation pack prepared by the Norse Group. We will liaise with Grant Thornton on a regular basis as well as review elements of the work they undertake on our behalf. We will review the final audited financial statements of Norse Group Ltd when performing our tests of consolidation and analytical review of the amounts feeding into the group statements.

EY | Assurance | Tax | Transactions | Advisory

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**Norfolk Audit Services Quarterly Report
For the Quarter ended 31 December 2013**

Report by the Interim Head of Finance

Summary

The purpose of this report is to:

- summarise the results of recent work by Norfolk Audit Services (NAS), to give an overall opinion on the adequacy and effectiveness of risk management and internal control within the County Council and to give assurance that, where improvements are required, remedial action has been taken by Chief Officers.

- provide an update on:

Changes to the approved internal audit plan, traded Schools audits and the preparations for an Audit Authority for the France Channel England Interreg VA Programme.

Recommendation

The Audit Committee is asked to consider and comment on:

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'

- the changes to the approved 2013-14 and 2014-15 internal audit plans, described in Appendix D

- the summary High Priority Findings results at 4.4, Table 1, being satisfactory

- satisfactory progress regarding the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.

1. Background

1.1 Audit work and reporting give assurance on the adequacy and effectiveness of Governance, Risk Management and Internal Control and forms part of the achievement of the Council's Plans and its Strategic Ambitions.

1.2 Internal Audit work on assurance for the third quarter, ended 31 December 2013, was set out in the third quarter Internal Audit Plan presented to Chief Officer Group and approved by the Audit Committee at its June 2013 meeting and as amended at subsequent meetings. The Council has to undertake sufficient audit coverage to

comply with the Accounts and Audit Regulations 2011. The allocation of audit time was based upon a risk assessment and this is continuously reviewed throughout the year.

- 1.3 The work undertaken by Internal Audit complements the work of the external auditors. There is a good working relationship between Internal and External Audit such that in total they give adequate audit coverage to all areas of the Council's activities. Internal Audit is responsible for communicating the final results of their audit work to parties who can ensure that the results are given due consideration.
- 1.4 This report summarises internal audit's work for the quarter ended 31 December 2013 and includes (as required by Financial Regulation 4.3.2 and the Audit Committee Terms of Reference):
 - an opinion on the adequacy and effectiveness of the Council's internal control and risk management arrangements,
 - any corporately significant issues arising and
 - an assurance that action has been taken as necessary.
- 1.5 The External Auditor is required to check that those charged with governance (the Audit Committee) oversee management arrangements for identifying and responding to the risks of fraud and the establishment of internal control.
- 1.6 The Audit Committee oversees Chief Officer's arrangements for identifying and responding to the risks of fraud and the establishment of internal control. Norfolk Audit Services' work includes implicitly work that covers the prevention, detection and investigation of any fraud or corruption that may occur. Reports on the audit findings clearly set out those findings which increase the risk of fraud and who has responsibility for ensuring that recommendations are implemented and the risk of fraud minimised.
- 1.7 Awareness and understanding of the Anti Fraud and Corruption Strategy and associated documents by Members, staff and those we do business with is being promoted and is a key measure for their success.
- 1.8 After consideration of the risks from the austerity measures and organisational change, the Anti Fraud and Corruption planning and resources were considered sufficient.
- 1.9 We continually review our performance and costs. We participate in the CIPFA Internal Audit Benchmarking Club which compares us to similar County Council Internal Audit teams. No significant exceptions have been noted.

2. Work Completed during the quarter

- 2.1 Delivery of final reported audits for the quarter ended 31 December 2013 is considered satisfactory and sufficient and the internal audit plan is on target. Details of the Final Reports Issued in the Quarter appear at Appendix A.

| Report type | Quarter 3 | Year to 31 Dec 2014* |
|-----------------------------------|-----------|----------------------|
| Final audit reports (non-schools) | 12 | 23 |
| Final audit reports (schools) | 0 | 18 |
| Certified grant claims | 5 | 22 |
| Follow-up report | 2 | 13 |

* The year to date figure refers to audits included in the 13-14 audit plan only.

- 2.2 No exceptions have been raised from the follow up work carried out in the quarter. A list of those reports is attached as Appendix B.
- 2.3 Audits of particular note for the quarter are described in detail at Appendix C and include the following:
- Commissioning and Procurement of Care
 - Contract Audit County Hall
 - Learning from Complaints
 - Carefirst Change Management
 - Compliance with Payroll Procedures
 - NAS compliance with UKPSIAS.
- 2.4 Norfolk Audit Services monitor the productive and non-productive time of the team on a regular basis to ensure delivery of an effective and efficient service. The target for time NAS staff spends on “productive” activities, ie work which contributes to and supports the opinion of the Chief Internal Auditor, has been set at 64.9% for the 2013-14 year. The proportion of productive time for the first three quarters of the year was 62% and this is considered satisfactory.
- 2.5 There have been no reported instances in the quarter of non compliance by Members with the Members Allowances rules or Chief Officers and Service Heads with their Expenses rules.
- 2.6 From time to time Internal Audit is notified of allegations. Allegations are managed in two stages, a preliminary assessment and then, if required, a formal investigation. Preliminary assessments may require significant work and can lead to an assessment report. Formal investigations will have terms of reference and a time budget. No formal investigations were started in the quarter and one has been completed since the last quarter. Preliminary assessments are underway for five allegations received since the last quarter.

3. NAS Reports having Corporate Significance

- 3.1 The following criteria are used to assess whether reports are of corporate significance:
- The amount of money that is at risk, normally this will be material amounts
 - Any policy implications for the Council as a whole
 - Topical issues, having a potential political or public interest
 - Where it has not been possible at COG to reach agreement on significant issues or the action that is required to address the issues
 - Where agreed action has not been taken at the time of the follow-up audit.
- 3.2 There was no corporately significant report in the quarter ended 31 December 2014.

4. Changes to the Audit Plans 2013-14 and 2014-15 and matters arising since the end of the quarter

- 4.1 Changes have been made to the agreed Internal Audit Plan for 2013-14. There are 55 more days in the original plan that are subject to change. From those days, 39 days have been deleted and 16 days have been redeployed in other audit areas. There is a running total of 239 days subject to change including the 102 and 82 days which were reported on in quarters one and two respectively. The changes, which have been agreed with the Interim Head of Finance, are set out in Appendix D(i) for the latest quarter.
- 4.2 Changes have been made to the Internal Audit Plan for 2014-15 agreed by the Audit Committee in January 2014. There are 15 days in the original plan that are subject to change. The 15 days have been re-allocated into new priority audit work. The changes, which have been agreed with the Interim Head of Finance, are set out in Appendix D (ii).
- 4.3 On 10 June 2013 Cabinet approved the proposal to submit a Norfolk Bid for the France Channel England Interreg Programme as Managing Authority. That bid included running an Audit Authority to ensure that the programme is run in compliance with the regulations. Norfolk was successful with the bid and NAS was proposed as the Audit Authority for the programme. Preparations continue to be made to set up the Managing Authority, the Audit Authority and the Certifying Authority for the programme to manage the new programme from 2014. The project is being managed with assistance from the Corporate Programme Office. It was agreed that the Audit Committee will be kept informed of progress with preparations for the new Audit Authority. The activity to administer the programme is funded by the programme. The progress with the Audit Authority at the time of reporting is considered satisfactory.

- 4.4 Since the December 2013 Chief Officers Group has received details of the High priority findings which are being managed by Heads of Service. There were 140 High Priority Findings that are not yet due to be completed at the time of reporting as summarised in Table 1 below. Outstanding findings are RAG rated and there were no Amber or Red rated findings as at 28 February 2014. The high priority findings have been reported to the Chairman of the Audit Committee for information. Progress with completing the action plans has been satisfactory and the movement of High Priority Findings per Department is described, in summary, at Appendix E. While the number of findings being reported has risen by four overall (from 134 last quarter) that is not considered unusual given our risk focussed audit plan. Assurance can be taken on positive progress from the number of actions completed and agreed for removal, at around a third of findings brought forward since the reporting for the last quarter in January 2014.

**Table 1:
Summary of High Priority Findings per department at 28 February 2014**

| Department | Green Rated | Exceptions |
|---------------------|--------------------|-------------------|
| ETD (including ICT) | 14 | 0 |
| Children's Services | 50 | 0 |
| Community Services | 13 | 0 |
| Corporate | 43 | 0 |
| Finance | 12 | 0 |
| Human Resources | 4 | |
| NFRS | 4 | 0 |
| Total | 140 | 0 |

- 4.5 In developing the ICT audit plan for the next three years it has been agreed with the Head of ICT that for the corporately significant Digital Norfolk Ambition (DNA) project Norfolk Audit Services would report quarterly to this Committee. At this moment no audit work has been completed and the first substantive report will be to the June meeting of the Committee. The contract with Hewlett Packard, Microsoft and Vodafone, was signed on 29 November 2013. On 4 December there was a meeting in the Forum to kick off the project to which over 100 interested parties attended. This included senior representatives of the contractor, representatives from all the Norfolk district councils and the University of East Anglia Vice Chancellor. A programme Board to manage the DNA programme has been established and met for the first time on 12 March.

5. The difference we are making

- 5.1 Audit findings have provided assurance or where necessary led to agreed actions to address any identified weaknesses in risk management and internal control. This demonstrates the Council's good Value for Money and thus supports the Council's Plan and its Strategic Ambitions. No actual savings or potential savings have

been noted as a result of our audit work and grant claim certification in the last quarter.

- 5.2 Sufficient final and draft reports and follow up audits have been completed to inform the opinion detailed in paragraph seven below.
- 5.3 Norfolk Audit Services' work continues to give due consideration to the risk of fraud and corruption and to the controls in place to mitigate those risks.
- 5.4 Norfolk Audit Services have adopted a "Statement of Customer Pledge and Remedy" which is published on the Council's internet. NAS issues Customer Satisfaction Questionnaires with the draft reports and has received overall positive feedback from these questionnaires for the quarter ended 31 December 2013.
- 5.5 Feedback received was as follows:

| Type of work | Questionnaires issued | | Questionnaires received |
|----------------------------|-----------------------|-----------|-----------------------------------|
| Standard audit | 12 | | 2 |
| Grants | 5 | | 0 |
| Analysis of results | | | |
| Number of questions | Very satisfied | Satisfied | Disappointed or Very Disappointed |
| 22 | 15 | 7 | 0 |

- 5.6 It has been identified that a significantly low amount of Customer Satisfaction Questionnaires were returned in this quarter and Norfolk Audit Services is amending the process to increase the likelihood of returns. A new simpler electronic "Survey Monkey" based questionnaire will be launched ready for 2014-15.

6. The Service Transformation Programme

- 6.1 We have continued to work with colleagues in the Corporate Programme Office and provide advice, support and challenge in order to seek assurance on the continued good governance, internal controls and risk management of services that are subject to organisational change.
- 6.2 During 2013-14, the approach to gaining assurance on the governance of specific projects has been reviewed. The thematic approach has been stopped to reflect the volume and proportion of projects now coming to an end and becoming part of the way services are delivered. The focus of assurance is now through the audit of specific projects, looking at either governance arrangement in the project or looking at governance and controls post implementation.

6.3 In the quarter, the following audits have provided such assurance:

- Commissioning and Procurement of Care
- Community Services – Day Care Billing
- Contract Audit County Hall
- Payroll (Cyclical) - TUPE
- CareFirst Change Management

6.4 Norfolk Audit Services continues to review reporting to Chief Officer and Members and assess whether reported exceptions warrant more detailed audit work. Reports on the developments to the Council's Asset Management Plan and Children's Services Capital Programme are to be reported to Cabinet in April 2014.

6.5 The transformation programme remains on track to deliver the planned savings of £14.44m by the end of March 14. Work has also started on planning projects, which will deliver savings over the 2014-17 period. The overall status of the programme remains at **AMBER** primarily due to timescales and some concerns around resource and benefits.

6.6 My review of the reporting at December 2013 concludes that governance, controls and risk management for the service transformation programme are acceptable.

7. Overall Opinion

7.1 All audit reports contain an overall audit opinion on the adequacy and effectiveness of risk management and internal control, indicating whether the area concerned is either 'acceptable' or if 'key issues need to be addressed'.

7.2 My opinion is that the adequacy and effectiveness of risk management arrangements and internal control within the Council is '**Acceptable**' and therefore considered 'Sound'.

7.3 My opinion is based upon:

- Final reports issued in the quarter (representing a proportion of the planned audit coverage for the year).
- The results of any follow up audits.
- The results of other work carried out by internal audit.
- The corporate significance of the reports.

8. Environmental Implications

8.1 Norfolk Audit Services makes every effort to reduce its carbon footprint. Distance travelled is taken into account when booking audits outside of the County Hall, booking auditors living closest to the venues. Our team uses all recycling facilities available to us working at County Hall in order to reduce consignment to landfill. We

monitor our printing/photocopying usage half yearly and encourage people to reduce where they can.

- 8.2 This report does not contain any proposed change, which may have an environmental implication.

9. Equalities Impact, Resource and Other Implications

- 9.1 There are no direct implications with respect to equalities or resources with respect to this report and there are no other implications.

10. Section 17 – Crime and Disorder Act and Anti Fraud and Corruption

- 10.1 Under Section 17 of the Crime and Disorder Act, the Council has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 10.2 Internal Audit work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing.
- 10.3 The profile of Anti Fraud and Corruption arrangements remains high and we are responding to the challenges that arise.

11. Risk Management

- 11.1 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

12. Conclusions

- 12.1 12 final reports, two follow-up reports and five grant claims have been issued in the quarter to support the opinion that the adequacy and effectiveness of the risk management and internal control within the council is 'acceptable' and therefore considered sound.
- 12.2 The High Priority Findings are being managed and satisfactory action has either been completed or is planned.
- 12.3 NAS has received positive feedback on audits during the quarter ended 31 December 2013.
- 12.4 The preparations for the France Channel England Interreg Audit Authority are progressing satisfactorily.

13. Recommendation

13.1 The Audit Committee is asked to consider and comment on:

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'
- the changes to the approved 2013-14 and 2014-15 internal audit plans, described in Appendix D (i) and the 2014-15 Internal Audit Plan in Appendix D (ii)
- the summary High Priority Findings results, at 4.4 -Table 1, being satisfactory
- satisfactory progress regarding the preparations for an Audit Authority for the France Channel England Interreg Operational Programme

Officer Contact

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

**Norfolk Audit Services
Final Reports Issued in the Quarter Ended 31 December
2013**

There were 12 final reports and 5 grant claims certified during the quarter. There were also 2 follow up reports completed in the quarter.

Final Reports

Asset Management

1. Dilapidations Compliance with Lease Terms and Covenants

Children's Services

2. Teachers Pension Scheme (TPS) - Part B (Marshland High)

Community Services

3. Community Service - Day Care Billing
4. Commissioning and Procurement of Care

Contracts and Procurement

5. E-Tendering
6. Contract Audit County Hall

Corporate Resources

7. Review of Norfolk Audit Services (NAS) Compliance with Public Sector Internal Audit Standards (UKPSIAS)

Customers and Complaints

8. Learning from Complaints

Finance

9. Teachers Pensions Return TR17 A of the return
10. Payroll (Cyclical)

Human Resources

11. Compliance with Procedures - Payroll Follow Up

ICT

12. CareFirst Change Management

Grants claims certified

1. Leader
2. Norse
3. VRA Including UEA
4. Step Final Mop Up.
5. BDUK (Broadband)

**Schedule of Follow Up Audits Completed in the
Quarter ended 31 December 2013**

Children's Services

1. Imprest Accounts

Schools

2. Smithdon High School.

Audits of Note

Commissioning and Procurement of Care

The purpose of this audit was to ensure that controls over the process for commissioning and approval, and controls around the procurement of approved suppliers for Adult Care is sufficient to give assurance that vulnerable clients remain protected at all times and to ensure that only approved suppliers are used by the Council when arranging care provision (excluding Personal Budgets).

Controls are being strengthened regarding the risk of unaccredited providers being contracted to provide services to vulnerable service users. Four recommendations were identified, 3 of which were high priority, covering the accreditation process of new service providers, use of the approved provider list and the re-accreditation process.

Contract Audit County Hall Refurbishment

The audit work for 2013-2014 was planned to be carried out in two phases.

Phase one covered the procurement of the contractor, budgetary planning, project planning process, related management controls and early stages of the contract works. An interim report was issued on 16 December 2013. The audit work generated one medium finding relating to the secure storage of the original contract by the Council.

Phase two is currently in progress and is covering the next stages of the contract works and includes processes, procedures, progress, review of contractor payment claims and supporting documentation, reporting, management and financial controls.

The audit work currently in progress indicates that overall there are no significant delays and that costs are within the revised budget.

Learning from Complaints

An audit was carried out to evaluate the processes in place at a corporate level for learning from complaints received through the corporate complaints team.

The aim of the audit was to provide assurance that the processes and controls used by the Compliments and Complaints Team are effective and complied with by a sample number of departments in the Council. The audit also benchmarked the Council's approach against key elements included in a report published by Nesta in April 2013 titled "Grumbles, gripes and grievances - the role of complaints in transforming public services".

The audit concluded that there is a good level of compliance with the corporate policy and an established culture of seeing complaints as

opportunities to learn and improve service delivery. The audit did not generate any high priority findings.

Compliance with Payroll Procedures

An audit was carried out of internal controls to ensure compliance with payroll corporate procedures for additional payments to staff.

Action has already been taken or has been agreed to further strengthen controls for; claim forms to support payments, correct rates being applied, authorisation of honorarium claims, the approving of accurate and complete travel claims.

Norfolk Audit Services (NAS) compliance with UKPSIAS

An audit was carried out in July 2013 by an external contractor to assess NAS level of compliance with the new United Kingdom Public Sector Internal Audit Standards (UKPSIAS). The outcome of this work was first reported to the Audit Committee in September 2013, whilst the report was still in draft.

The work benchmarked existing procedures and practices against the expectations as detailed in the Local Government Notes developed by CIPFA. This has included detailed checking of records as appropriate. The level of risk resulting from any control weakness identified has been reviewed and recommendations were included in the report to reduce the risk to an acceptable level.

The audit generated five high priority findings. The report included a total of seven high priority recommendations.

High priority findings included:

- PSIAS 1300 – Quality Assurance and Improvement Programme (QAIP) to be formalised
- PSIAS 1312 - External Assessment - ensure that these are included in QAIP once every 5 years
- PSIAS 2050 - Coordination - reliance on and mapping of other assurance sources to be better documented
- PSIAS 2320 - Documenting - Remaining alert to the possibility of: intentional wrongdoing, conflicts of interest
- PSIAS 2430 - Communication - Use of 'conducted in conformance with the PSIAS' statement not to be used until above points have been addressed.

The management team addressed all of the above within one month of identification. Actions and deadlines for implementation have been agreed for all medium priority findings.

D (i) Changes to the Internal Audit Plan 2013-14

| Audit From Original Approved 2013-14 Plan | Department | Days Out | Reason For Change | New Audit Now in Plan | Days Re-applied | Reduction in the Approved Plan (days) |
|---|---------------------|-----------|--|--|-----------------|---------------------------------------|
| Improved arrangements for Looked after Children (LAC) | Children's Services | 20 | With the dynamic changes to the service, a revised strategy by Children's Services, a peer review and planning for the next Ofsted review this reduces the likelihood of risk. | None | 0 | -20 |
| Contract Monitoring - Children's Services | Contracts | 15 | Client resources are not available. Increase of our other corporate contract audit work compensates. | Environment, Transport and Development Advice work | 15 | 0 |
| Contract Register | Contracts | 15 | Deferred to 2014-15 due to prioritising audit staffing resources. | The audit started on 1 April 14. | 0 | -15 |
| Health and Safety Building Contractors (Non NPS Managed CDM Projects) | Health & Safety | 5 | Deferred to 2014-15 on a risk assessed basis, to be undertaken through new Health & Safety audit provision. | Health and Safety Reporting work | 1 | -4 |
| Totals | | 55 | | | 16 | -39 |

D (ii) Changes to the Internal Audit Plan 2014-15

| Audit From Original Approved 2014-15 Plan | Department | Days Out | Reason For Change | New Audit Now in Plan | Days Re-applied | Reduction in the Approved Plan (days) |
|---|------------|-----------|---|--|-----------------|---------------------------------------|
| Recurring Payments through Carefirst | Finance | 15 | Previously assurance was given for recurring payments system to our external auditors, which have now moved to a 3 year testing basis. Carefirst migration from recurring payment system delayed in 2013-14, so could not be included in the 2013-14 audit plan. Audit to cover controls and testing of non residential payments now generating from CareFirst. | Carefirst migration - Non residential recurring payments | 15 | 0 |
| Totals | | 15 | | | 15 | 0 |

High Priority Findings at February 2014 – Summary of Movements

| Department | High Priority Findings rated Green - brought forward | High Priority Findings – Deleted (Corrections) | New High Priority Findings added | Queries | High Priority Findings agreed for removal | Current High Priority Findings rated Green - carried forward |
|--|--|--|----------------------------------|----------|---|--|
| Children services | 49 | 0 | 14 | 0 | 13 | 50 |
| Community | 16 | -4 | 3 | -1 | 1 | 13 |
| Corporate | 48 | 0 | 3 | 1 | 9 | 43 |
| Environment, Transport and Development (Including ICT) | 4 | 0 | 16 | 0 | 6 | 14 |
| Finance | 13 | 0 | 2 | 0 | 3 | 12 |
| Human Resources | 0 | 0 | 13 | 0 | 9 | 4 |
| Norfolk Fire and Rescue Service | 4 | 0 | 0 | 0 | 0 | 4 |
| TOTAL | 134 | -4 | 51 | 0 | 41 | 140 |

An Annual Update of the Audit Committee

A report from the Chairman

Summary

This report, which covers the work of the Audit Committee in the year ended 31 March 2014, confirms that its Terms of Reference, purpose and core functions are consistent with best practice, demonstrates the impact of its work and how it adds value.

Recommendations

The Audit Committee should consider if the arrangements are satisfactory and note that the Committee:

- is independent of the executive function and reports directly to full Council,
- has terms of reference that are consistent with CIPFA's guidance and best practice,
- provides effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public,
- can demonstrate the impact and value of its work,
- is monitoring the Secretary of State's plans for the Future of Local Public Audit; and
- has completed a best practice self-assessment checklist annually which confirms good performance.

1 Introduction

1.1 The Audit Committee was established in 2005; it

- reports directly to full Council and
- has seven members, including a Cabinet member who is also the Deputy leader of the Council.

1.2 As part of good practice and in accordance to Section B2 of its Terms of Reference (as agreed at the September 2013 Audit Committee meeting), this report from the Chairman covers the work of the Committee for the year ended 31 March 2014. This report also confirms that the Committee's Terms of Reference, purpose and function is consistent with best practice (CIPFA 'Audit Committees' Practical Guidance for Local Authorities and Police 2013), demonstrates the impact of its work and how it adds value.

2 Background

- 2.1 A revised Code of Practice for Internal Audit in Local Government in the United Kingdom was published by CIPFA in 2013; 'Public Sector Internal Audit Standards (PSIAS). These publications strengthen the framework for internal audit by leading to improved organisational planning, processes and performance and which add value to the Council.
- 2.2 The Committee understands its role in relation to risk. As the Deputy Leader and Cabinet member is a member of the Committee, there is a channel which seeks to understand the Cabinet's policies and approach to risk. The Committee understands the Council's framework for risk assessment, management and the assignment of responsibilities and as well as championing best practice. It critically challenges and reviews the corporate risk register to provide assurance that the arrangements are actively working in the Council.
- 2.3 The Committee benefits from some members with an audit and finance background. The Committee is also able to draw on expert advice when required. Members received a full induction in their role in particular that relating to risk management and reviews ongoing training needs. Training has taken place as follows:
 - Before the September 2013 meeting there was training for Members on the Statement of Accounts.
- 2.4 The Finance function (including Internal Audit, Strategic Risk, Insurance and Treasury Management), the Monitoring Officer, External Audit and the Audit Committee work in partnership to provide a sound base for good governance. The Chairman can meet periodically with the Interim Head of Finance, the Chief Internal Auditor and the Strategic Risk managers.
- 2.5 The Committee has previously established links with other County Council Audit Committees in the Region to promote good ways of working. The internal audit team have consulted with Wirral Internal Audit team to consider service improvements. The Chairman has received CIPFA's latest 'audit committees – Practical Guidance for Local Authorities and Police 2013 Edition' guidance.

3 Effective challenge

- 3.1 There have been four meetings of the Committee during the financial year to 31 March 2014. Reports have been received from Chief Officers and the External Auditors or were commissioned by the Committee covering a wide range of topics, listed at Appendix A.

- 3.2 In April 2013 the Committee received and considered a report following up the Audit Commission's Striking a Balance publication, available at the link below:
<http://www.norfolk.gov.uk/view/audit250413item11pdf>
- 3.3 At its June 2013 meeting the Committee received and considered the Monitoring Officer's annual report (Page 15) providing assurance that there was good governance in place. Also at that meeting the Committee considered a report on External Audit - Understanding How the Audit Committee Gains assurance from management (Page 24), available at the link below:
<http://www.norfolk.gov.uk/view/audit240613agendapdf.pdf>
- 3.4 In accordance with regulations covering the reporting of the Statement of Accounts, the September 2013 meeting received and approved the Council's Annual Governance Statement 2012-13, the Letter of Representation, the Annual Statement of Accounts 2012-13, and the External Auditor Annual Governance Report Audit 2012-13. The Committee has noted with satisfaction the contents of the Annual Governance Report of the External Auditor concerning the external audit of the Council's Annual Financial Statements 2012/13, and in particular reference to the unqualified audit opinions on the 2012/13 Statement of Accounts, available at the link below:
<http://www.norfolk.gov.uk/view/audit260913agendapdf.pdf>
- 3.5 The Committee commissioned a report to better understand the governance arrangements for the Norfolk Pension Fund as it forms part of the Group Accounts they approve. The Committee also considered the Governance, Control and Risk Management of Treasury Management. Reports were presented to the September 2013 Committee (Page 46 and 63), available at the link below:
<http://www.norfolk.gov.uk/view/audit260913agendapdf.pdf>
- 3.6 The Committee has continued to champion and encourage sound risk management in the Council, including how it is reported to members, especially through Overview and Scrutiny Panels, and to provide member challenge and review for the Corporate Risk Register. At the September 2013 meeting, the Chairman agreed to write to the Chairs of all Overview and Scrutiny meetings to suggest that both the corporate risks and departmental risks were looked at in detail in order to ensure that regular challenges were being made.
- 3.5 As an ongoing project, the Committee has sought assurance that continued good governance, internal controls and risk management are present in services that are the subject of organisational change as a result of the Council's Transformation Programme.
- 3.6 As a new measure from April 2014, the Chairman of the Audit Committee will complete a Self-Assessment of Good Practice checklist every twelve months (see Appendix B). This indicates the Audit Committee's performance against the good practice principles set out in 'CIPFA's Position Statement: Audit Committees in Local Authorities and Police'. The assessment of the Audit Committee as at April 2014 is that arrangements in place are considered to be 'sound'.

- 3.7 Monitoring of compliance with the Council's rules concerning Member and Chief Officer expenses claims continues. No significant exceptions have been reported. Ongoing reminders on procedures to those claiming expenses are being issued.
- 3.8 The Chairman regularly appraises details of any High Priority Findings raised by Internal Audit, whilst assessing the action being taken by management to address them and providing challenge where appropriate.

4 Next Phase of Local Public Audit

- 4.1 In response to the Government's consultation proposals, the Committee continued to track the Government's proposed changes in external audit arrangements and the future constitution of this Committee. There is awareness with regards to the Audit Committee's responsibility to appoint External Auditors after 2015, rather than them being appointed nationally as per the current processes.
- 4.2 Members of the Committee have been circulated the recent DCLG response to the Consultation on Secondary Legislation. To access a copy of this document, please click on the following web link:
<https://www.gov.uk/government/consultations/future-of-local-audit-consultation-on-secondary-legislation>

5 Independence

- 5.1 The Audit Committee membership is set out in the Council's Constitution:

"7 Members of the Council, on a politically balanced basis.
No more than 1 Cabinet Member and no more than 1 Cabinet Scrutiny Committee Member to serve on the Committee and any Cabinet Member or Cabinet Scrutiny Committee Member appointed cannot serve as Chairman"

6 Impact and value of the Audit Committee's work

- 6.1 The Committee's work adds value by:
- Supporting the Council's objectives in achieving a reputation for good governance, sound internal control and good value for money; and
 - Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.

7 Resource Implications

- 7.1 The Audit Committee provides assurance on the good stewardship of the Council.

8 Section 17 - Crime and Disorder Act

8.1 There are no relevant issues under this Act.

9 Equalities Impact and Other Implications

9.1 There are no implications with respect to equalities with respect to this report and there are no other implications.

10 Risk Implications

10.1 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

11 Conclusions

11.1 The Committee fully meets best practice (from CIPFA) for good governance and the Council can demonstrate that it is effectively delivering the functions of an audit committee, as identified in the CIPFA guidance and its Terms of Reference.

11.2 This annual report has summarised the work of the Committee over the last twelve months, confirmed that its function is consistent with best practice and has demonstrated the impact and value of the Committee's work. It has reported its work to the full Council.

11.3 The Committee continues to develop its role and impact through ongoing member training and the development of the Committee's work programme.

12 Recommendations

12.1 The Audit Committee should consider if the arrangements are satisfactory and note that the Committee:

- is independent of the executive function and reports to full Council,
- has terms of reference that are consistent with CIPFA's guidance and best practice
- provides effective challenge across the Council and independent assurance on the system of internal control including the management of risk to members and the public; and
- can demonstrate the impact and value of its work
- is monitoring the Secretary of State's plans for the Future of Local Public Audit
- completes a self-assessment checklist annually which indicates performance against good practice standards.

Ian Mackie
Chairman of the Audit Committee

Officer Contact

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**An Annual Update of the Audit Committee
A report from the Chairman**

Reports received by the Audit Committee during the twelve months to 31 March 2014.

| Report Title | Report By | Meeting date |
|---|---|---------------------|
| Risk Management Quarterly Report | Head of Finance | April 2013 |
| Financial Regulations | Head of Finance | April 2013 |
| Six Month Internal Audit Plan 2013-14 | Head of Finance | April 2013 |
| Norfolk Audit Services (NAS) - Performance Reporting for the Quarter ended 31 December 2012 | Chief Internal Auditor | April 2013 |
| NAS Quarterly Report Quarter ended 31 December 2012 | Head of Finance | April 2013 |
| Audit Committee Work Programme | Chairman | April 2013 |
| Striking a Balance | Head of Finance | April 2013 |
| External Audit - Audit Plan | Head of Finance | April 2013 |
| Monitoring Officer's Annual Report 2012/13 | Norfolk Public Law (NPLaw) and Monitoring Officer | June 2013 |
| External Audit - Understanding How the Audit Committee Gains Assurance From Management | External Auditors | June 2013 |
| External Audit Norfolk Pension Fund Draft Audit Plan 2012/13 | External Auditors | June 2013 |
| Risk Management Quarterly Report | Chief Internal Auditor | June 2013 |
| NAS Quarterly Report Quarter ended 31 March 2013 | Chief Internal Auditor | June 2013 |
| NAS - Annual Internal Audit Report 2012-13 | Head of Finance | June 2013 |
| Internal Audit Plan 2013-14 for Quarter 3 | Head of Finance | June 2013 |
| Anti-Fraud and Corruption Update | Practice Director NP Law | June 2013 |
| Statement of Accounts (Verbal Update) | Chief Internal | June 2013 |

| | | |
|---|--------------------------------------|----------------|
| | Auditor. | |
| Audit Committee Work Programme | Head of Finance | June 2013 |
| NAS Quarterly Report for the Quarter ended 30 June 2013 | Head of Finance | September 2013 |
| Audit Committee Work Programme | Head of Finance | September 2013 |
| Norfolk Pension Fund Governance Arrangements and Management of Market Fluctuations | Head of Finance and Head of Pensions | September 2013 |
| Governance, Control and Risk Management of Treasury Management | Head of Finance | September 2013 |
| Ernst & Young - Annual Governance Report Audit 2012/13 | External Auditors | September 2013 |
| Norfolk County Council Annual Statement of Accounts and Annual Governance Statement 2012/13 | Head of Finance | September 2013 |
| Letter of Representation | Head of Finance | September 2013 |
| Risk Management Quarterly Report | Head of Finance | September 2013 |
| Internal Audit Plan 2013-14 for Quarter 4 | Head of Finance | September 2013 |
| Audit Committee Terms of Reference | Chairman | September 2013 |
| Risk Management Quarterly Report | Interim Head of Finance | January 2014 |
| NAS Quarterly Report for the Quarter ended 30 September 2013 | Interim Head of Finance | January 2014 |
| External Auditor - Certification of Claims and Returns 2012-13 | Interim Head of Finance | January 2014 |
| Audit Committee Work Programme | Interim Head of Finance | January 2014 |
| Anti Fraud and Corruption Strategy - January 2014 Edition | Practice Director NP Law | January 2014 |
| Anti-Fraud and Corruption Update | Practice Director NP Law | January 2014 |
| Review of the Internal Audit Terms of Reference and Code of Ethics | Interim Head of Finance | January 2014 |

| | | |
|--|-------------------------|--------------|
| Audit Committee Terms of Reference | Chairman | January 2014 |
| Internal Audit Strategy, Approach, Strategic Plan 2014-17 and Annual Internal Audit Plan 2014-15 | Interim Head of Finance | January 2014 |
| Norse Group - Transfer of Pensions Risk | Interim Head of Finance | January 2014 |
| Norfolk Pension Fund - Governance reports relevant to the Audit Committee | Interim Head of Finance | January 2014 |

Chairman’s Self-Assessment of Good Practice

This appendix provides assurance that there is full compliance with the key principles set out in CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2013.

Where a Committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership.

This regular self-assessment is used to support the planning of the Audit Committee work programme and training plans.

This checklist is to be completed by the Chairman of the Audit Committee every twelve months as part of the annual update.

Self Assessment Checklist:-

| Good Practice Questions | Yes | Partly | No | Description or Action To Be Taken if necessary |
|--|-----|--------|----|---|
| Audit Committee Purpose and Governance | | | | |
| 1. Does the authority have a dedicated audit committee? | ✓ | | | Meetings as per the Council Constitution on a quarterly basis with 7 Councillors in attendance. |
| 2. Does the audit committee report directly to full council? | ✓ | | | Key reports and documents taken to Full Council for commendation. |
| 3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s Position Statement? | ✓ | | | Requirements are met. See section B2 of the Audit Committee terms of reference (as agreed at the September 2013 Audit Committee meeting). |
| 4. Is the role and purpose of the audit committee understood and accepted across the authority? | ✓ | | | Fully met. |
| 5. Does the audit committee provide support to the authority in meeting the requirements of good governance? | ✓ | | | Fully met. The Committee receives and reviews the Council’s Annual Governance Statement. |
| 6. Are the arrangements to | ✓ | | | The terms of reference are |

| | | | | |
|---|---|--|--|---|
| hold the committee to account for its performance operating satisfactorily? | | | | reviewed annually and this report from the Chairman covers the value and impact of the Committee's work. |
| Functions of the Audit Committee | | | | |
| 7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? These should include: | ✓ | | | Regular reporting of these (see Appendix A). |
| • good governance | ✓ | | | |
| • assurance framework | ✓ | | | |
| • internal audit | ✓ | | | The Committee receives and considers the plans, quarterly and annual reports from Internal Audit. |
| • external audit | ✓ | | | The Committee receives and considers the plan and annual reports from the External Auditors. |
| • financial reporting | ✓ | | | The Committee receives and approves the Annual Statement of Accounts. |
| • risk management | ✓ | | | Corporate Risk Register reviewed every meeting with discussion taking place. |
| • value for money or best value | ✓ | | | |
| • counter-fraud and corruption. | ✓ | | | The Committee receives and considers the Anti-Fraud and Corruption Strategy and updates on its application. |
| 8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas? | ✓ | | | Annual update reports provided by the Chairman including completion of this checklist. |
| 9. Has the audit committee considered the wider areas identified in CIPFA's Position | ✓ | | | For example, Treasury Management and the work of the Pensions Committee |

| | | | | |
|---|-----|--|--|--|
| Statement and whether it would be appropriate for the committee to undertake them? | | | | relevant to the accounts is discussed on a regular basis. |
| 10. Where coverage of core areas has been found to be limited, are plans in place to address this? | N/A | | | No limited coverage at present. |
| 11. Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose? | ✓ | | | All decisions made are within core purpose. |
| Membership and Support | | | | |
| 12. Has an effective audit committee structure and composition of the committee been selected? This should include: | ✓ | | | |
| <ul style="list-style-type: none"> separation from the executive | ✓ | | | Six Councillors are non-executive. One Councillor is the <u>Deputy Leader and Cabinet Member</u> . |
| <ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership | ✓ | | | Include reference to financial backgrounds. |
| <ul style="list-style-type: none"> a size of committee that is not unwieldy | ✓ | | | 7 Councillors as appropriate. |
| <ul style="list-style-type: none"> where independent members are used, that they have been appointed using an appropriate process. | N/A | | | Not applicable. |
| 13. Does the chair of the committee have appropriate knowledge and skills? | ✓ | | | |
| 14. Are arrangements in place to support the committee with briefings and training? | ✓ | | | Training offered to Councillors on a regular basis and carried out as per 2.3 in above report. |

| | | | | |
|--|-----|--|--|--|
| | | | | Chair can have regular meetings with the Interim Head of Finance and/or Chief Internal Auditor. |
| 15. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? | ✓ | | | The Chairman has been consulted regarding Appendix C of the 2013 Edition of the Guidance for Audit Committees. |
| 16. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer? | ✓ | | | Regular conversations outside of the quarterly formal meetings. |
| 17. Is adequate secretariat and administrative support to the committee provided? | ✓ | | | Agendas and minutes produced via Democratic Services. |
| Effectiveness of the Audit Committee | | | | |
| 18. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | ✓ | | | The External Auditor has provided a clean value for money conclusion and the Council receives reports from each meeting. |
| 19. Has the committee evaluated whether and how it is adding value to the organisation? | ✓ | | | An Annual Report from the Chairman considers how the Committee adds value to the Council. |
| 20. Does the committee have an action plan to improve any areas of weakness? | N/A | | | No plan currently required but would be created if areas of weakness arise. |

Norfolk County Council Summary
Statement of Accounts 2012-13

Report by Head of Finance

Summary

This report presents the Summary Statement of Accounts 2012-13. Details have been extracted from the 2012-13 Statement of Accounts, which were approved by the Audit Committee on 26 September 2013.

1. Introduction

- 1.1 The County Council has previously agreed to delegate responsibility for approving the annual accounts to the Audit Committee.

2. Background

- 2.1 The Head of Finance reported the final revenue and capital expenditure positions for 2012-13 and the provisions and reserves held at 31 March to Cabinet on 10 June 2013. The figures reported to Cabinet on 10 June 2013 have not changed and are reflected in the attached Summary Statement of Accounts.

3. Summary Statement of Accounts 2012-13

- 3.1 The Audit Committee approved the Statement of Accounts 2012-13 on 26 September 2013.
- 3.2 The Summary Statement of Accounts, attached at Appendix A, provides a brief overview of the County Council's financial position at 31 March 2013 and its financial performance in 2012-13. It is based on the Statement of Accounts 2012-13 and reflects the position previously reported to the Audit Committee. For the purpose of this report this overview relates to the Council only and not the Group position.

4. Equality Impact Assessment

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

5. Section 17 Crime and Disorder Act

5.1 There are no implications of this report for the Crime and Disorder Act.

6. Risk Implications/Assessment

6.1 There are no risk implications arising from this report.

7. Alternative Options

7.1 There are no alternative options that Cabinet needs to consider.

8. Recommendation

8.1 The Audit Committee is recommended to:

- consider and note the Summary Statement of Accounts for 2012-13.

Officer Contact: Peter Timmins, Head of Finance
01603 222400
Email peter.timmins@norfolk.gov.uk

If you need this statement in large print, audio, Braille, alternative format or in a different language please contact Stephanie Mullarney on 01603 223322 or textphone 0344 800801, and we will do our best to help.



Norfolk County Council Summary Statement of Accounts 2012-13

The Council produces an annual Statement of Accounts (the accounts) which reports on the Council's financial performance and shows the assets and liabilities of the Council at the year end. The accounts, which are a statutory document conforming to the Code of Practice on Local Authority Accounting, received an unqualified audit opinion on 30 September 2013.

This document is a summary of the full Statement of Accounts and gives a brief overview of the Council's financial performance and position for the year ending 31 March 2013. For this purpose it relates to the Council only and not the Group (which includes the Norse Group). The full Statement of Accounts is prepared in accordance with international accounting standards, so to help make this summary easier to understand some of the presentation has been simplified.

Summary of the Authority's Financial Position for 2012-13

Norfolk County Council's approved revenue budget for 2012-13 was set at £595.8m. Actual expenditure in 2012-13 was £591.9m, which was £3.9m lower than the approved budget. This reflects final departmental underspends.

The Balance Sheet shows net assets of £371.8m after accounting for a liability for its defined benefit pension schemes of £823.5m.

Spending against the cash limited budget has been monitored regularly throughout the year, and reports from Chief Officers have been received at each of the Council's Cabinet meetings.

The Council is facing a highly challenging financial period. A reduction of £17.1m in Formula Grant funding from Central Government during 2012-13 has led to some unavoidable reductions in services. In 2011-12, following the Council's largest ever public consultation, the Council set about reshaping its core role and services. The Council is now at the end of the second year of its three year programme of work to reshape the

Council and help steer the organisation through the financial downturn, reduction in funding and continued increase in demand for services. In February 2012, the Council approved £44.5m savings, in order to balance the 2012-13 budget. These savings were successfully delivered in the year and further savings of £51.5m of which £34.2m represent ongoing savings have been approved for 2013-14.

An expanded introduction and summary to the accounts can be found in the Foreword to the full Statement of Accounts.

The full Statement of Accounts, including group accounts, and accounts of the Norfolk Pension Fund and the Fire-fighters Pension Scheme, and also the Council's Annual Governance Statement, is available on the Council's website.

Paper copies of the accounts are available on request (subject to availability) by telephoning 0344 800 8020.

P. Timmins, CPFA, Interim Head of Finance,

Norfolk County Council, County Hall, Norwich NR1 2DW

Norfolk County Council Summary Statement of Accounts 2012-13

What we spent in 2012-13

The Comprehensive Income and Expenditure Statement shows the cost of running the Council's services and where the money came from to pay for them and is summarised below:

| | 2012-13 Gross Expenditure £m | 2012-13 Income £m | 2012-13 Net Expenditure £m | 2011-12 Net Expenditure £m (Restated) |
|---|---------------------------------------|-------------------------|-------------------------------------|---|
| Service Income and Expenditure | | | | |
| Adult Social Care | 373.3 | 90.7 | 282.6 | 282.1 |
| Education and Children's Services | 687.4 | 488.5 | 198.9 | 211.8 |
| Highways and Transport Services | 98.7 | 16.2 | 82.5 | 66.9 |
| Fire and Rescue Services | 33.0 | 2.6 | 30.4 | 34.7 |
| Cultural, Environmental & Planning Services | 96.1 | 13.5 | 82.6 | 76.9 |
| Other Services, Corporate and Non Distributed Costs | 3.3 | 1.6 | 1.7 | 13.1 |
| Total Cost of Services | 1291.8 | 613.1 | 678.7 | 685.5 |
| Other Operating Income and Expenditure | | | 124.1 | 98.5 |
| Revenue Support, Local Services Support and Area Based Grants (from Central Government) | | | (99.9) | (149.6) |
| Business Rates (redistributed & received from Central Government) | | | (243.6) | (196.3) |
| Council Tax | | | (347.5) | (344.2) |
| Capital Grants and Contributions | | | (108.6) | (115.2) |
| Taxation and Non Specific Grant Income | | | (799.6) | (805.3) |
| (Surplus)/Deficit on the provision of services taken to General Fund | | | 3.2 | (21.3) |

Year on Year Changes in Net Expenditure

The deficit on the provision of services in 2012-13 is a change of £24.5m when compared with the surplus in 2011-12. The main changes are:

- A decrease in net expenditure across services which reflects reductions in budgets
- A specific reduction in revenue expenditure within Children's Services reflecting the transfer of a number of schools to academy status
- An increase in Other Operating Income and Expenditure reflecting the transfer of additional Schools' assets to academies and a reduction in the pension cost adjustment due to lower market rates used in the calculation of the expected return on assets

Other Operating Income and Expenditure includes interest payments and receipts on borrowing and investments; gains and losses on disposals of assets; and adjustments relating to the pension fund.

Norfolk County Council Summary Statement of Accounts 2012-13

Impact on the General Fund

The General Fund is money held by the Council to meet unplanned or unforeseen spending demands.

The Comprehensive Income and Expenditure Statement is drawn up in accordance with international accounting standards. However, the Government has stipulated that certain costs that form part of this statement need not be included in the General Fund for the purpose of setting council tax.

These costs are mainly associated with the depreciation of assets and the accrual of retirement benefits (the pension liability), which do not necessarily lead to cash flows in the short and medium term. Consequently, these costs are transferred to the Balance Sheet and replaced with the annual repayment of loans for capital expenditure and the employer's pension contribution. The impact of the resulting net adjustment to the General Fund Balance, which for 2012-13 is £13.6m, is shown in the Movement in Reserves Statement which is summarised below.

| | |
|--|-------------|
| | £m |
| General Fund Balance at 31 March 2012 | 18.2 |
| Deficit on the provision of services | (3.2) |
| Adjustments between accounting basis and funding basis under regulations | 13.6 |
| Balance before transfer to earmarked reserves | 28.6 |
| Transfers to earmarked reserves | (5.9) |
| General Fund Balance at 31 March 2013 | 22.7 |

Earmarked reserves are amounts set aside by the Council to meet specific future spending requirements. There are over 40 earmarked reserves totalling £141.1m at 31 March 2013. The largest reserve is the LMS account, which represents £33.0m net accumulated unspent surpluses or deficits held by schools which are not available to the Council for general use. Other large reserves include monies set aside for highways maintenance and information technology projects. The £5.9m net transfer shown above is the sum of net transfers to and from all the earmarked reserves during the year.

In 2012-13, amounts were transferred to earmarked reserves to invest in measures to offset the future effects of reductions in funding for services and amounts transferred to a contingency fund to cover unforeseen and special circumstances in schools. Details showing the movements in and out of each reserve, and a narrative explaining the purpose of each reserve can be found in note 9 to the full Statement of Accounts.

Norfolk County Council Summary Statement of Accounts 2012-13

The County Council's Balance Sheet as at 31 March 2013

The balance sheet shows the end of year financial position for the County Council as a whole. It presents the financial value of land, buildings and other assets owned by the Council and the value of borrowings and other debts owed by the Council.

| | 31 March 2013 | 31 March 2012 (Restated) |
|---|------------------|--------------------------------|
| | £m | £m |
| Land, buildings, vehicles, equipment and infrastructure | 1,632.3 | 1,638.1 |
| Inventories | 1.6 | 2.4 |
| Cash and bank balances | 70.2 | 117.8 |
| Investments | 173.5 | 114.8 |
| Money owed to the Council | | |
| Within 12 months | 74.3 | 65.1 |
| After 12 months | 7.5 | 11.0 |
| Less: Money owed by the Council | | |
| Within 12 months | (151.3) | (168.7) |
| After 12 months | (612.8) | (624.7) |
| Net Assets before Pension Adjustment | 1,195.3 | 1,155.8 |
| Less: Pension Liability | (823.5) | (678.4) |
| Net Assets | 371.8 | 477.4 |
| Financed by: | | |
| Cash backed (usable) reserves | 236.8 | 205.9 |
| Non cash backed (unusable) reserves | 958.5 | 949.9 |
| Financing before Pension Adjustment | 1,195.3 | 1,155.8 |
| Less: Pension Liability Reserve | (823.5) | (678.4) |
| Total Reserves | 371.8 | 477.4 |

Cash backed Reserves include the General Fund, Earmarked Reserves and the Capital Receipts reserve (proceeds from the disposal of land and other assets set aside to fund capital expenditure).

Non cash backed Reserves include: Capital Accounts (the amount of the Council's fixed assets that have been funded to date), the Collection Fund Adjustment Account (the difference between the full share of council tax income billed and the amount allowed to be accounted for under Government legislation), and the Accumulated Absences Adjustment Account (the costs of compensated absences, such as annual leave entitlement, earned but not taken in the year). The Capital Accounts comprise the majority of the non cash backed reserves.

The Pension Liability in the table above is a snapshot as at 31 March 2013 of the unfunded pension liability calculated in accordance with statutory regulations in relation to existing and former employees. Because these pension costs do not have to be met in full in the short term, they are offset by a notional Pension Liability Reserve.

Norfolk County Council Summary Statement of Accounts 2012-13

Capital Investment 2012-13

Capital investment generally represents money spent by the Council on purchasing, upgrading and improving assets such as buildings and operational equipment.

In 2012-13, £122.5m was spent on the capital investment programme against a programme of £133.9m. The underspend of £11.4m represents planned expenditure, which is being carried forward to the next financial year

Capital expenditure during 2012-13 included the following major projects:

| | £m |
|---|---------------------|
| Children's Services | |
| Academy Funding | 20.7 |
| School based projects | 7.5 |
| Primary capital programme | 1.0 |
| ICT Schemes | 2.5 |
| Basic Need | 6.3 |
| Carbon Reduction Schemes | 2.8 |
| Other Schemes | 12.2 |
| Environment, Transport and Development | |
| Structural Maintenance | 28.6 |
| Highways Improvements | 19.3 |
| Other Schemes | 2.0 |
| Adult Social Services | 3.5 |
| Corporate Resources | 5.3 |
| Fire Service | 1.1 |
| Cultural, Environmental and Planning Services | 9.7 |
| Total capital expenditure | <u><u>122.5</u></u> |
| Funded by: | |
| Borrowing | 1.6 |
| Capital grants and contributions | 87.8 |
| Capital receipts | 9.1 |
| Contribution from revenue and reserves | 24.0 |
| Total | <u><u>122.5</u></u> |

Note: Highways improvements include schemes for road improvements, bridge strengthening, bus priority schemes, park and ride and cycle routes.

In addition to the figures shown above there was expenditure of £1.2m on finance leases and £2.6m on the PFI Street Lighting scheme.

Budget Book 2014-17

Report by the Head of Finance (Interim)

Summary

The draft Budget Book 2014-17 covers three years and provides details of the approved budget for 2014-15 and indicative budgets for 2015-16 and 2016-17, alongside key supporting documents used in setting the budget. The revised format aims to increase transparency of the Council's financial position.

Recommendation:

Members are invited to review and comment on the draft Budget Book 2014-17 and consider any additional distribution of the Budget Book.

1. Background

- 1.1 This report introduces the reformatted, draft Budget Book 2014-17 in Appendix A. In a bid to improve transparency, we have included far more detail than in previous years including details of how the budget is allocated within each service.

2. Contents of Report

- 2.1 The draft Budget Book 2014-17 has been created in a new format, following the decision to complete three year budgets, taken at the County Council meeting 17 February 2014.
- 2.2 Previously, the Medium Term Financial Plan 2013-14 was published on our website <http://www.norfolk.gov.uk/view/ncc105410> and provided high level budget information, including the pressures and savings made by department and the gross income and gross expenditure breakdown of the budget by service within a department.
- 2.3 Further detail was then available to officers, in the Budget Book 2013-14, with the approved budget amount for each type of expenditure or income by service detailed but it contained information on a single financial year only.
- 2.4 Therefore, it was decided to combine the two documents and to make the publication available to a wider audience to provide greater transparency and further financial information for Members and the public including the breakdown of departmental budgets, detailed information about the capital programme, evaluation of the robustness of estimates and the adequacy of reserves and provisions.
- 2.5 The report will be distributed to Members, chief officers and budget managers. It will also be made available on the website.

3. **Other Implications**

3.1 **Equality Impact Assessment (EqIA) and other implications**

There are no direct equalities impacts or other implications arising from this report

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

4.1 There are no relevant issues under this act.

5. **Recommendation / Action Required (?!)**

5.1 Members are invited to review and comment on the draft Budget Book 2014-17

Officer Contact

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

| Officer Name | Tel No; | email address |
|--------------|--------------|---------------------------|
| Maria Fox | 01603 222165 | maria.fox2@norfolk.gov.uk |



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

Norfolk County Council Budget Book (Draft) 2014-17

Norfolk County Council – Budget Book 2014-17

1. Foreword.....*page 3*
2. Medium Term Financial Strategy.....*5*
 - a. Planning for 2014-17
 - b. Revenue Budget 2014-15
 - c. Reserves and Provisions
 - d. Capital Strategy and Programme
 - e. Council Tax Information
3. Staffing Budget.....*26*
4. Budget Pages.....*30*
 - a. Children’s Services
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5. Appendices.....*99*
 - a. Revenue Budget 2014-17
 - b. Adequacy of Reserves and Provisions 2014-17
 - c. Robustness of Estimates
 - d. Capital Strategy and Programme 2014-17
 - e. Medium Term Financial Strategy 2014-17
 - f. Annual Investment and Treasury Strategy 2014-15
 - g. Schools Budget

Leader's Foreword

The financial landscape facing Councils across the country continues to be extremely demanding, with ongoing reductions to Government funding and more people needing Council services as our population increases. Our challenge, when we formed a new administration in 2013, was to find savings to address a gap between funding and forecast need of some £189 million over the next three years. This was on top of the Council delivering £140 million savings since 2011.

In addition, we have needed to address other critical challenges, including delivering an improvement programme for Children's Services. However, the biggest financial challenge in this planning cycle has been consideration of the energy from waste contract. At the time of the February budget meeting, the Secretary of State's oft-promised mid-January decision on the planning application was outstanding. Our budget plans created a £19m reserve to help meet the cost and reduce the financial risk to Council services. But there remained the risk of a further £11m falling due if the planning decision was not taken.

By April 7th, still without a planning decision, the Council was no longer able to ensure long term value for money from the contract. It resulted in the difficult decision to terminate the contract but at significant £30m cost to Norfolk, payable almost immediately. As we start the 2014-15 financial year we are faced with the need to deliver further savings to replenish reserves that will be required to meet the full costs.

Now and throughout the process we have looked ahead – putting in place three year budget plans. Our approach has been to set clear ambition and priorities for Norfolk – for everyone in Norfolk to succeed and fulfil their potential and to support this by focussing on excellence in education, real jobs and good infrastructure. We launched the Putting People First consultation to ask people and communities for their views on both our priorities and a very difficult set of proposals to deliver savings. We listened to what people told us and made changes to draw back in 2014-15 from the areas of most concern – 16-19 School Transport, the wellbeing element of Adult Social Care Personal Budget, and ensuring adequate support for the improvement programme on Safeguarding Children.

We have also worked hard to identify ways we can continue to cut costs without affecting front line services and around half the savings will be from efficiency savings, including procurement savings and increasing income. However, the changes that the Council needs to make to balance our budget and increase our financial sustainability will inevitably impact on users of our services across Norfolk. Our focus has been on taking actions that will do the least damage to services and have the least impact on residents – particularly those most vulnerable and those who depend on us most.

Our financial plans set out the medium term financial picture for the Council and detailed plans for 2014-15 to 2016-17. Our financial planning is a continuing process and, as we move from a Cabinet to a Committee system of government from May 2014, the Council will be working hard to both deliver these plans and develop further options for managing services against the backdrop of continuing reduction in funding. Our progress against these plans is reported to members and available publicly each month.

George Nobbs

Leader of the Council

Budget Book

This document provides details of the approved budget for 2014-15 and indicative budgets for 2015-16 and 2016-17, alongside key supporting documents used in setting the budget that will be of use to Members, officers and budget managers.

Medium Term Financial Strategy

The Medium Term Financial Strategy covers three years 2014-17 and brings together all of the elements that are considered as part of the robust planning process. The key points are highlighted in the coming pages and further details are included within the Medium Term Financial Strategy (Appendix E)

Planning for 2014-17

Budget planning for the financial years 2014-17 was undertaken within the timetable below-

Table 1: Budget and service planning timetable

| Activity/Milestone | Time frame |
|--|---------------------------------|
| Cabinet reviews the latest financial position and agrees guidance on the financial planning parameters. | 5 August 2013 |
| Initial consultation on approach and priority areas | August 2013 |
| Services consider implications of service and financial guidance and context, and review/develop service planning options | August to September 2013 |
| Cabinet reviews any further financial updates or information from expected Government consultations affecting funding settlement | September or October 2013 |
| 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 |

Budget planning has been undertaken within a challenging financial landscape. Within the Budget 2014, the Chancellor reiterated that deficit reduction plans will need to continue into the next parliament, and agreement will be sought through Parliament. The effective deployment and management of our resources is paramount to ensure maximum support for services delivered to people in Norfolk.

Revenue Budget 2014-15

At its meeting on 17 February 2014, the County Council agreed the following:

A net **Revenue Budget** of £308.397m for 2014-15

Including:

Savings of £69.267m (plus increased funding of £13.389m)

Additional costs of £88.466m (including funding reductions of £24.786m)

Cost neutral increases and decreases of £25.172m (these changes have an impact on departmental budgets but do not affect the total Council budget)

Capital Programme of £391.138m

A minimum level of **General Balances** of £19m in 2014-15, £22.4m in 2015-16 and £24.1m in 2016-17.

Total **Earmarked Reserves** (excluding schools) of £58.193m forecast as at 31 March 2015, £47.363m as at 31 March 2016 and £40.776m as at 31 March 2017.

A **freeze** in the **Council Tax** for 2014-15

Table 2: Summary of Net Budget Changes for 2014-15

| | 2013-14 Base Budget | Budget increase incl. costs & funding decreases | Budget decrease incl. savings & funding increases | 2014-15 Base Budget |
|--|---------------------|---|---|---------------------|
| | £m | £m | £m | £m |
| Children's Services | 176.637 | 17.217 | -31.951 | 161.903 |
| Community Services - Adult | 257.454 | 14.393 | -23.250 | 248.597 |
| Community Services - Cultural | 16.980 | 0.380 | -2.034 | 15.326 |
| Environment, Transport and Development | 116.609 | 7.186 | -14.955 | 108.840 |
| Fire Service | 29.556 | 0.355 | -2.107 | 27.804 |
| Resources | 48.933 | 19.315 | -12.791 | 55.457 |
| Finance General | -343.582 | 54.792 | -20.740 | -309.530 |
| Total | 302.587 | 113.638 | -107.828 | 308.397 |

The Council agreed that further plans to meet the shortfall would be developed to be brought to Members before June 2014, as part of the 2015-18 budget planning process, as the current proposals are not adequate to deliver a balanced budget in future years.

Table 3: Summary of Pressures & Savings 2014-17

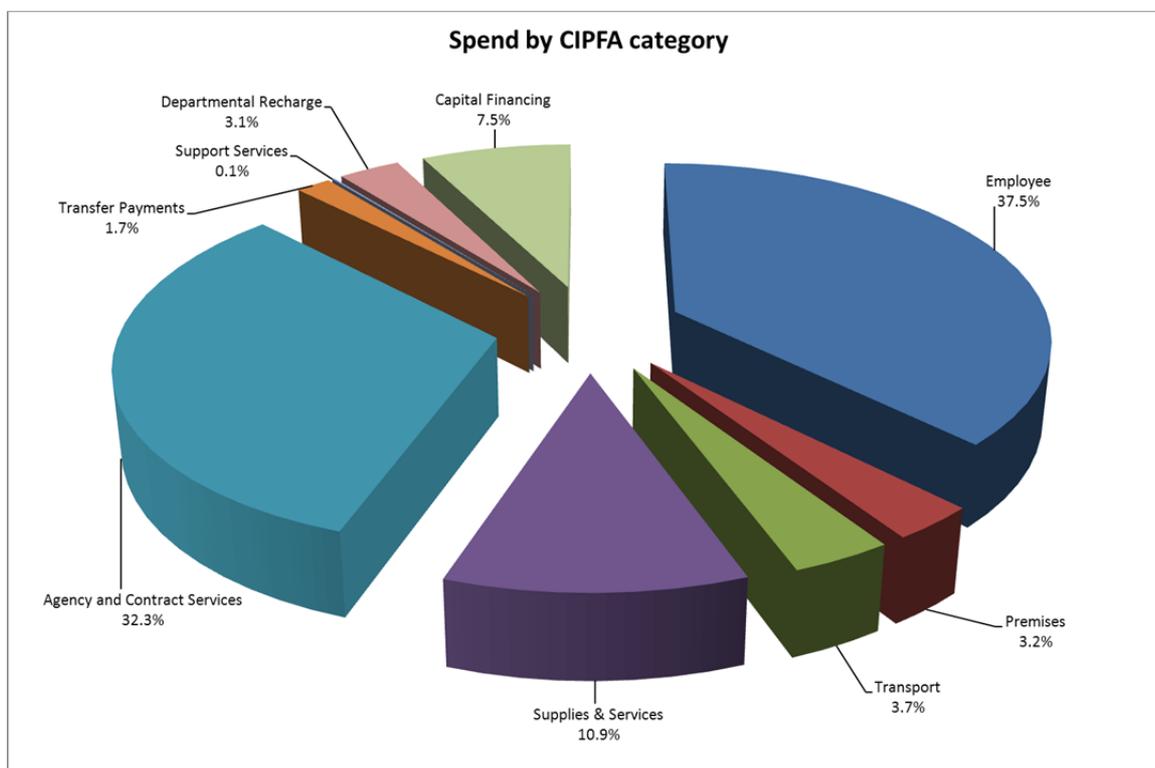
| | 2014-15 | 2015-16 | 2016-17 | 2014-17 |
|--|--------------|--------------|---------------|---------------|
| | £m | £m | £m | £m |
| Cost Pressures | 88.466 | 45.153 | 51.363 | 184.982 |
| Savings Identified | -82.656 | -40.023 | -31.820 | -154.499 |
| Council Tax Surplus / increased tax base | -5.810 | -1.321 | -1.326 | -8.457 |
| Remaining Gap | 0.000 | 3.809 | 18.217 | 22.026 |

Service Analysis of the 2014-17 Budget

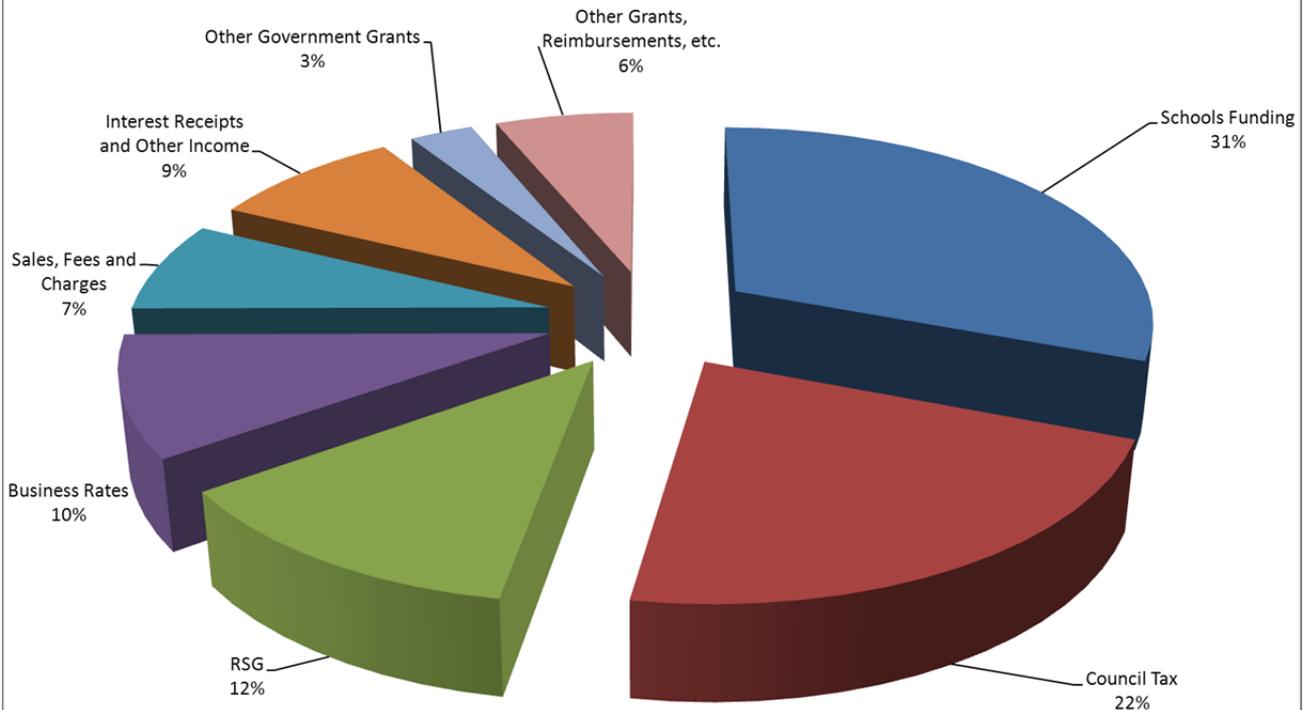
| | 2014-15 Budget | 2015-16 Forecast | 2016-17 Forecast |
|--------------------------------------|--------------------|--------------------|--------------------|
| | £ | £ | £ |
| Children's Services | 161,903,000 | 155,161,537 | 148,921,393 |
| Community Services – Adults | 248,597,000 | 229,369,773 | 231,701,094 |
| Community Services – Cultural | 15,348,500 | 15,293,342 | 15,578,779 |
| Environment, Transport & Development | 108,840,000 | 110,128,172 | 109,946,061 |
| Fire & Rescue Service | 27,804,000 | 28,070,643 | 28,090,435 |
| Resources | 55,457,000 | 53,969,725 | 52,094,612 |
| FINANCE GENERAL | | | |
| Finance General | 89,300,845 | 79,789,723 | 81,827,781 |
| Government Grants | -326,719,170 | -290,108,170 | -265,923,170 |
| Other Grants, Reimburs & Contrib. | -4,297,280 | -1,301,559 | -1,305,924 |
| Customer & Client Receipts | -1,371,360 | -1,381,114 | -1,391,063 |
| Interest rec'd | -1,787,580 | -1,787,580 | -1,787,580 |
| Rev appropriate adjusts | -13,473,150 | -13,473,150 | -13,473,150 |
| Recharges to other rev acc | -51,105,680 | -51,105,680 | -51,105,680 |
| Departmental Recharge | -76,240 | -76,240 | -76,240 |
| NET EXPENDITURE | 308,397,385 | 313,526,921 | 333,071,847 |
| FINANCED BY | | | |
| Council Tax | -308,397,385 | -309,718,385 | -311,045,385 |
| GAP | 0 | 3,808,536 | 22,026,462 |

Subjective analysis of the 2014-17 budget

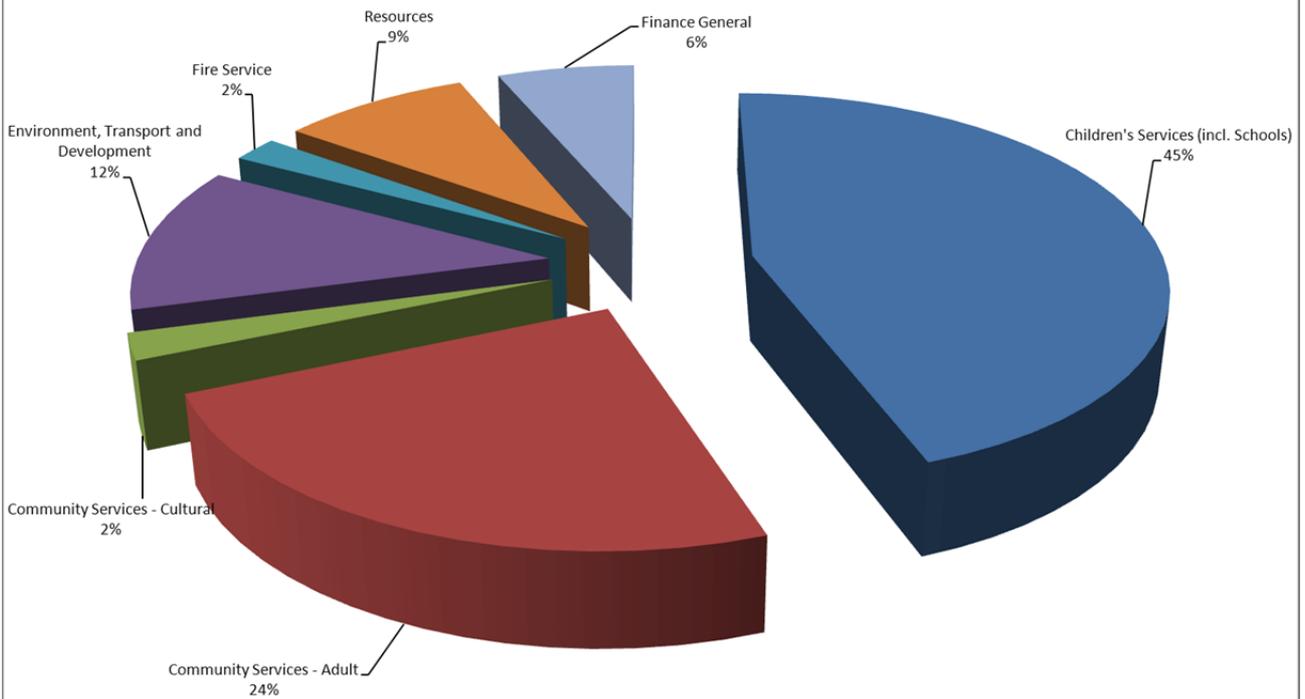
| | 2014-15 Budget | 2015-16 Forecast | 2016-17 Forecast |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| EXPENDITURE | £ | £ | £ |
| Employee | 529,601,112 | 527,888,581 | 532,043,955 |
| Premises | 44,531,284 | 44,247,498 | 43,645,580 |
| Transport | 52,142,701 | 51,538,623 | 51,229,548 |
| Supplies & Services | 154,176,291 | 140,440,637 | 139,105,788 |
| Agency and Contract Services | 455,408,475 | 456,773,454 | 458,186,644 |
| Transfer Payments | 24,680,560 | 18,624,458 | 15,737,574 |
| Support Services | 1,595,945 | 1,352,253 | 1,214,685 |
| Departmental Recharge | 43,519,609 | 43,068,669 | 42,625,472 |
| Capital Financing | 106,239,960 | 109,850,960 | 108,798,960 |
| TOTAL EXPENDITURE | 1,411,895,937 | 1,393,785,133 | 1,392,588,205 |
| INCOME | | | |
| Government Grants | -789,925,109 | -752,872,109 | -727,961,109 |
| Other Grants, Reimburs & Contrib. | -87,474,932 | -98,182,618 | -99,012,337 |
| Customer & Client Receipts | -103,672,794 | -106,504,590 | -109,567,701 |
| Interest rec'd | -1,831,580 | -1,831,580 | -1,831,580 |
| Rev appropriate adjusts | -13,593,210 | -13,593,209 | -13,593,210 |
| Recharges to other rev acc | -58,508,421 | -58,517,811 | -58,523,187 |
| Departmental Recharge | -48,492,506 | -48,756,296 | -49,027,233 |
| Council Tax | -308,397,385 | -309,718,385 | -311,045,385 |
| TOTAL INCOME | -1,411,895,937 | -1,389,976,597 | -1,370,561,743 |
| GAP | 0 | 3,808,536 | 22,026,462 |



Where the money comes from 2014-15 (£1.412bn)



Where is the money spent 2014-15 (£1.412 bn)



Cost Pressures

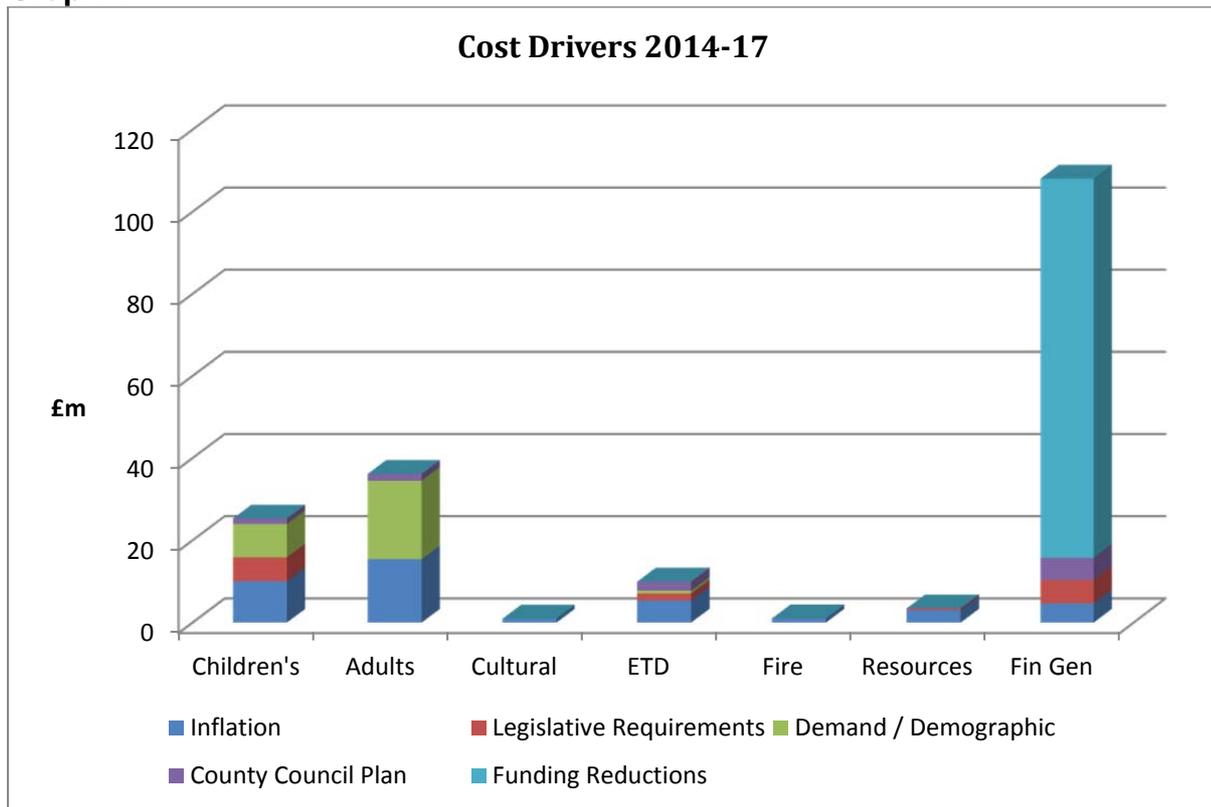
One of the most significant pressures included within the budget planning is the total amount of Local Government funding reductions for 2014-17, which equates to £24.826m in 2014-15, £41.812m in 2015-16 and £25.714m in 2016-17.

The major areas of cost affecting Norfolk County Council that have been incorporated into the 2014-17 budget plans are:

- a) Price inflation – more of the Council's services continue to be delivered externally to the County Council, through partners and private sector contracts and via the Council's own company Norse. Therefore, contractual arrangements are a key driver of the Council's cost pressures. Over half of the Council's spend is via third party contracts and the effective management of these contracts, to ensure both value for money and proper standards of service, is critical. Inflationary pressures; £14.260m 2014-15, £12.849m 2015-16, £13.438m 2016-17.
- b) Demographics – demand for services continues to rise, both through the age profile of the county and through changes to need. Preventative strategies are helping to stem the increases, but in areas such as supporting looked after children, new strategies will take some months to deliver a change to the trend and increased pressures are expected in the short term. Demographic pressures; £11.590m 2014-15, £8.116m 2015-16, £8.215m 2016-17.
- c) National single tier pension – funding plans for 2016-17 include provision for increased costs of new government legislation that will increase national insurance employer costs for the Council. Currently, for employees in the Local Government Pension Scheme, the council pays a reduced employer National Insurance rate. Pressure in 2016-17; £3.300m.
- d) The Budget reflects a significant financial liability which, at the time of preparing the budget was dependent upon a decision from the Secretary of State for Communities and Local Government, Eric Pickles, regarding the called-in planning decision for the Willows Power and Recycling Centre. A cost pressure of £8m was included in the budget plans for 2014-15.

The various reasons for additional costs were analysed, categorised and the implications are illustrated within the graph below-

Graph 1



These pressures and the following savings are broken down by department and shown in tables 5-7.

Savings

Budget savings proposals were subject to consultation. The Council launched the Putting People First budget consultation in September 2013 to which we received:

- 4,400 individual responses, with 15,700 individual comments
- Responses from; 89 voluntary and community group, 69 statutory organisations and 18 businesses

Once finalised, the savings were categorised to show the split between back office savings and savings that had an impact on front line services and are shown within the table below-

Table 4: Savings Identified

| Categorisation of Saving | 2014-15 | 2015-16 | 2016-17 | 2014-17 |
|----------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Organisational Change - Staffing | 5.613 | 3.663 | 0.508 | 9.784 |
| Organisational Change - Systems | 17.172 | 6.097 | 10.783 | 34.052 |
| Procurement | 11.434 | 1.936 | 1.850 | 15.220 |
| Shared Services | 2.314 | 3.190 | 0.205 | 5.709 |
| Capital | 0.924 | 0.114 | 1.227 | 2.265 |
| Terms & Conditions of employees | 0.291 | 0.705 | 1.102 | 2.098 |
| Income & Rates of Return | 7.523 | 4.748 | 5.830 | 18.101 |
| Assumptions under Risk Review | 10.607 | -10.286 | 0.400 | 0.721 |
| Back office sub total | 55.878 | 10.167 | 21.905 | 87.950 |
| Reducing Standards | 8.825 | 4.195 | 6.825 | 19.845 |
| Cease Service | 4.511 | 6.362 | 3.090 | 13.963 |
| Front line sub total | 13.336 | 10.557 | 9.915 | 33.808 |
| Total | 69.214 | 20.724 | 31.820 | 121.758 |

Changes to departmental revenue budgets for each year are included in tables below-

Table 5: Summary of Net Budget Changes for 2014-15

| | Children's Services | Community Services - Adults | Community Services - Cultural | ETD | Fire | Resources | Finance General | TOTAL |
|--|---------------------|-----------------------------|-------------------------------|----------------|---------------|----------------|-------------------------------------|-----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Base Budget 2013-14 | 176.637 | 257.454 | 16.980 | 116.609 | 29.556 | 48.933 | -343.582 | 302.587 |
| Additional Costs | | | | | | | | |
| Inflation | 3.472 | 5.031 | 0.312 | 2.354 | 0.320 | 0.988 | 1.783 | 14.260 |
| Legislative Requirements | 4.381 | 0.000 | 0.000 | 1.656 | 0.000 | 0.396 | 2.434 | 8.867 |
| Demand / Demographic | 3.931 | 6.934 | 0.000 | 0.725 | 0.000 | 0.000 | 0.000 | 11.590 |
| County Council Plan | 5.414 | 1.660 | 0.030 | 2.195 | 0.015 | 3.145 | 16.504 | 28.963 |
| Funding Reductions (base adjustments) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 24.786 | 24.786 |
| | 17.198 | 13.625 | 0.342 | 6.930 | 0.335 | 4.529 | 45.507 | 88.466 |
| Cost Neutral Increases | 0.019 | 0.768 | 0.038 | 0.256 | 0.020 | 14.786 | 9.285 | 25.172 |
| Total budget increase | 17.217 | 14.393 | 0.380 | 7.186 | 0.355 | 19.315 | 54.792 | 113.638 |
| Savings | | | | | | | | |
| Org Change - Staffing | -0.375 | -0.460 | -0.260 | -1.250 | -0.499 | -2.769 | 0.000 | -5.613 |
| Org Change - Systems | -8.725 | -1.340 | -0.212 | -3.340 | -0.381 | -3.174 | 0.000 | -17.172 |
| Procurement | -0.790 | -4.150 | 0.000 | -6.400 | 0.000 | -0.094 | 0.000 | -11.434 |
| Shared Services | 0.000 | -2.004 | -0.260 | -0.050 | 0.000 | 0.000 | 0.000 | -2.314 |
| Capital | 0.000 | 0.000 | 0.000 | -0.200 | -0.724 | 0.000 | 0.000 | -0.924 |
| Terms & Conditions | -0.126 | -0.108 | 0.000 | -0.038 | 0.000 | -0.019 | 0.000 | -0.291 |
| Income and Rates of Return | 0.000 | 0.000 | -0.361 | -1.623 | -0.043 | -0.411 | -5.138 | -7.576 |
| Assumptions under Risk Review | 0.000 | 0.000 | 0.000 | -0.150 | -0.036 | -3.201 | -7.220 | -10.607 |
| Reducing Standards | -2.670 | -4.000 | -0.931 | -1.151 | 0.000 | -0.073 | 0.000 | -8.825 |
| Ceasing Service | -0.474 | -3.640 | -0.010 | -0.300 | -0.087 | 0.000 | 0.000 | -4.511 |
| Funding Increases (base adjustments) | 0.000 | -4.219 | 0.000 | 0.000 | -0.015 | -0.835 | -8.320 | -13.389 |
| | -13.160 | -19.921 | -2.034 | -14.502 | -1.785 | -10.576 | -20.678 | -82.656 |
| Cost Neutral Reductions | -18.791 | -3.329 | 0.000 | -0.453 | -0.322 | -2.215 | -0.062 | -25.172 |
| Total budget decrease | -31.951 | -23.250 | -2.034 | -14.955 | -2.107 | -12.791 | -20.740 | -107.828 |
| Recommended Cash Limited Budget 2014-15 | 161.903 | 248.597 | 15.326 | 108.840 | 27.804 | 55.457 | -309.530 | 308.397 |
| | | | | | | | Funded by- | |
| | | | | | | | Council Tax | 302.587 |
| | | | | | | | Increased Council Tax Base | 4.868 |
| | | | | | | | Forecast surplus on collection fund | 0.942 |
| | | | | | | | | 308.397 |

Table 6: Summary of Net Budget Changes for 2015-16

| | Children's Services | Community Services - Adults | Community Services - Cultural | ETD | Fire | Resources | Finance General | TOTAL |
|--|---------------------|-----------------------------|-------------------------------|----------------|---------------|---------------|-------------------------------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Base Budget 2014-15 | 161.903 | 248.597 | 15.326 | 108.840 | 27.804 | 55.457 | -309.530 | 308.397 |
| Additional Costs | | | | | | | | |
| Inflation | 3.263 | 5.133 | 0.319 | 1.496 | 0.340 | 1.017 | 1.281 | 12.849 |
| Legislative Requirements | 0.695 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.695 |
| Demand / Demographic | 2.081 | 6.035 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 8.116 |
| County Council Plan | -4.070 | 0.000 | 0.000 | 0.000 | 0.003 | -3.107 | -11.145 | -18.319 |
| Funding Reductions | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 41.812 | 41.812 |
| | 1.969 | 11.168 | 0.319 | 1.496 | 0.343 | -2.090 | 31.948 | 45.153 |
| Savings | | | | | | | | |
| Org Change - Staffing | -0.090 | -0.250 | 0.000 | 0.000 | 0.000 | -1.823 | -1.500 | -3.663 |
| Org Change - Systems | -6.140 | -0.200 | 0.000 | 0.880 | 0.000 | -0.637 | 0.000 | -6.097 |
| Procurement | 0.000 | -1.446 | 0.000 | -0.500 | 0.000 | 0.010 | 0.000 | -1.936 |
| Shared Services | 0.000 | -3.150 | 0.000 | -0.040 | 0.000 | 0.000 | 0.000 | -3.190 |
| Capital | 0.000 | 0.000 | 0.000 | -0.040 | -0.074 | 0.000 | 0.000 | -0.114 |
| Terms & Conditions | -0.115 | -0.099 | 0.000 | -0.034 | 0.000 | -0.457 | 0.000 | -0.705 |
| Income and Rates of Return | 0.000 | -0.900 | -0.374 | -0.632 | 0.000 | -0.452 | -2.390 | -4.748 |
| Assumptions under Risk Review | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 3.122 | 7.164 | 10.286 |
| Reducing Standards | -1.150 | -3.350 | 0.000 | 0.305 | 0.000 | 0.000 | 0.000 | -4.195 |
| Ceasing Service | -0.215 | -6.000 | 0.000 | -0.147 | 0.000 | 0.000 | 0.000 | -6.362 |
| Funding Increases | 0.000 | -15.000 | 0.000 | 0.000 | -0.003 | 0.000 | -4.296 | -19.299 |
| | -7.710 | -30.395 | -0.374 | -0.208 | -0.077 | -0.237 | -1.022 | -40.023 |
| Indicative budget requirement 2015-16 | 156.162 | 229.370 | 15.271 | 110.128 | 28.070 | 53.130 | -278.604 | 313.527 |
| | | | | | | | Funded by- | |
| | | | | | | | Council Tax | 307.455 |
| | | | | | | | Increased Council Tax Base | 1.321 |
| | | | | | | | Forecast surplus on collection fund | 0.942 |
| | | | | | | | | 309.718 |
| | | | | | | | Forecast Deficit 2015/16 | 3.809 |

Table 7: Summary of Net Budget Changes for 2016-17

| | Children's Services | Community Services - Adults | Community Services - Cultural | ETD | Fire | Resources | Finance General | Total |
|--|---------------------|-----------------------------|-------------------------------|----------------|---------------|---------------|-------------------------------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Base Budget 2015-16 | 156.162 | 229.370 | 15.271 | 110.128 | 28.070 | 53.130 | -278.604 | 313.527 |
| Additional Costs | | | | | | | | |
| Inflation | 3.341 | 5.235 | 0.325 | 1.539 | 0.347 | 1.042 | 1.609 | 13.438 |
| Legislative Requirements | 0.726 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 3.300 | 4.026 |
| Demand / Demographic | 2.081 | 6.134 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 8.215 |
| County Council Plan | 0.000 | 0.000 | -0.030 | 0.000 | 0.000 | 0.000 | 0.000 | -0.030 |
| Funding Reductions | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 25.714 | 25.714 |
| | 6.148 | 11.369 | 0.295 | 1.539 | 0.347 | 1.042 | 30.623 | 51.363 |
| Savings | | | | | | | | |
| Org Change - Staffing | -0.090 | 0.000 | 0.000 | 0.000 | 0.000 | -0.418 | 0.000 | -0.508 |
| Org Change - Systems | -8.484 | -0.500 | 0.000 | -0.155 | -0.100 | -1.544 | 0.000 | -10.783 |
| Procurement | 0.000 | -1.500 | 0.000 | -0.350 | 0.000 | 0.000 | 0.000 | -1.850 |
| Shared Services | 0.000 | 0.000 | 0.000 | -0.205 | 0.000 | 0.000 | 0.000 | -0.205 |
| Capital | -1.000 | 0.000 | 0.000 | 0.000 | -0.227 | 0.000 | 0.000 | -1.227 |
| Terms & Conditions | -0.105 | -0.090 | 0.000 | -0.031 | 0.000 | -0.876 | 0.000 | -1.102 |
| Income and Rates of Return | 0.000 | -0.800 | -0.010 | -0.614 | 0.000 | -0.852 | -3.554 | -5.830 |
| Assumptions under Risk Review | -0.400 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | -0.400 |
| Reducing Standards | -3.312 | -3.150 | 0.000 | -0.280 | 0.000 | -0.083 | 0.000 | -6.825 |
| Ceasing Service | 0.000 | -3.000 | 0.000 | -0.090 | 0.000 | 0.000 | 0.000 | -3.090 |
| Funding Increases | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | -13.391 | -9.040 | -0.010 | -1.725 | -0.327 | -3.773 | -3.554 | -31.820 |
| Indicative budget requirement 2016-17 | 148.919 | 231.699 | 15.556 | 109.942 | 28.090 | 50.399 | -251.535 | 333.070 |
| | | | | | | | Funded by- | |
| | | | | | | | Council Tax | 308.776 |
| | | | | | | | Increased Council Tax Base | 1.327 |
| | | | | | | | Forecast surplus on collection fund | 0.942 |
| | | | | | | | | 311.045 |
| | | | | | | | Forecast Deficit 2015/16 | 3.808 |
| | | | | | | | Forecast Deficit 2016/17 | 18.217 |

Funding

One of the key sources of funding for the County Council is through the redistribution of business rates. The Final Local Government Finance Settlement 2014-15 included information on the Settlement Funding Assessment, which includes the authority's Revenue Support Grant and business rates baseline funding level, uprated in line with the Retail Price Index (RPI).

In order to ensure that local government spending is within the national departmental expenditure limits, the Revenue Support Grant is a balancing figure and therefore the amount is reducing year on year, in line with the Government's deficit reduction plan.

Table 8: Settlement Funding Assessment

| | 2013-14 | 2014-15 | 2015-16 |
|-------------------------------|---------|---------|---------|
| | £m | £m | £m |
| Settlement Funding Assessment | 338.980 | 314.195 | 274.730 |
| Received through: | | | |
| Revenue Support Grant | 203.558 | 176.135 | 132.860 |
| Business Rates Baseline | 135.422 | 138.060 | 141.870 |
| via Top-up | 110.427 | 112.578 | 115.685 |
| Retained rates | 24.995 | 25.482 | 26.185 |

Norfolk will receive specific grants in 2014-15 as detailed within Table 9 and alongside are the indicative amounts Norfolk will receive for 2015-16, as provided within the 2014-15 Final Local Government Finance Settlement. The government has not yet released information for 2016-17 but has indicated that further cuts are anticipated

Table 9: Specific Grants

| | 2014-15 | 2015-16 |
|---|---------|---------|
| | £m | £m |
| Unringfenced Grant | | |
| Revenue Support Grant | 176.135 | 132.860 |
| Top-up Grant (Business Rates Retention Scheme) | 112.578 | 115.685 |
| Section 31 Grant (compensation for Government business rate initiatives) | 1.879 | 1.879 |
| New Homes Bonus | 3.213 | 4.119 |
| New Homes Bonus Adjustment | 0.466 | 1.214 |
| Education Services Grant | 10.757 | |
| Local Welfare Provision | 2.275 | 2.275 |
| Community Right to Challenge | 0.009 | 0.000 |
| NHS Funding (incl. Better Care Fund) | 19.152 | 56.324 |
| Fire Revenue | 1.106 | 1.110 |
| Inshore Fisheries | 0.152 | 0.152 |
| Lead Local Flood (via LSSG) | 0.311 | 0.207 |
| Local Reform and Community Voices (DH Revenue Grant) | 0.755 | 0.755 |
| Extended Rights to Free Travel (Local Services Support Grant) | 0.835 | 0.835 |
| Council Tax Freeze Grant | 3.526 | 3.526 |
| | | |
| Ringfenced Grant | | |
| Public Health Grant | 30.633 | 30.633 |
| Dedicated Schools Grant | 530.308 | |
| Pupil Premium Grant | 29.752 | |
| PFI Revenue Grant (street lights; salt barns and schools) - not yet confirmed | 8.046 | |
| | | |
| Locally Collected Tax (forecasts) | | |
| Business Rates | 25.482 | 26.185 |
| Council Tax | 308.397 | |

Reserves and Provisions

The **Statement on the adequacy of Provisions and Reserves 2014-17** paper (Appendix B) sets out the County Council policy for reserves and balances and details the approach for setting a risk assessed framework for reaching a recommended level of general balances.

Table 10

| | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|
| | £m | £m | £m |
| Assessment of the level of General Balances | 19.0 | 22.4 | 24.1 |

As part of the 2014-15 budget planning process a detailed review was undertaken in respect of each of the reserves and provisions held by the Council. The earmarked reserves and provisions are considered by the Head of Finance to be adequate and appropriate to reflect the risks they are intended to cover.

Table 11 below shows the amount held in earmarked reserves for each service and where the Medium Term Financial Plan includes movement from or to reserves, these are detailed at the foot of the table.

Table 11

| | Forecast at 31.3.15 | Forecast at 31.3.16 | Forecast at 31.3.17 |
|---|---------------------|---------------------|---------------------|
| | £m | £m | £m |
| Children's Services | 0.000 | 0.000 | 0.000 |
| Community Services | 5.959 | 3.552 | 0.359 |
| ETD | 10.871 | 7.272 | 6.079 |
| Fire | 0.748 | 0.350 | 0.277 |
| Resources | 0.306 | 0.306 | 0.306 |
| Corporate and joint services | 15.039 | 10.613 | 8.485 |
| Total (excluding schools, April 2013 £89.334m) | 32.923 | 22.093 | 15.506 |
| Energy to Waste (April 2013 £0m) | 19.000 | 19.000 | 19.000 |
| Reserves for capital use (April 2013 £1.587m) | 6.270 | 6.270 | 6.270 |
| Schools (April 2013 £50.145m) | 37.661 | 37.661 | 37.661 |

| Key changes made to support the Medium Term Financial Plan | £m |
|--|--------|
| Organisational Change and Redundancy Reserve | -4.000 |
| Modern Reward Strategy Reserve | -4.359 |
| Icelandic Bank Reserve | -1.445 |
| Total | -9.804 |

There will be a reduction in non-schools earmarked and general reserves of just under 65%, from £112m (31 March 2013) to a forecast of £39.6m (31 March 2017)

In comparison with other county councils, the council holds a lower than average percentage of general balances – an unallocated reserve which is held as a contingency to meet unexpected financial pressures and emergencies.

Table 12

| How does Norfolk compare? | Norfolk County Council | Average for shire counties |
|---|------------------------|----------------------------|
| General reserves compared to net 2013/14 budget | 2.91% | 4.48% |
| Earmarked reserves compared to net budget | 14.17% | 18.31% |

Robustness of Estimates 2014-17

As part of the budget setting process the Head of Finance is required to report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget. This report is included in Appendix C and it sets out the formal statement and provides more detailed information on risk; robustness of revenue estimates and capital estimates.

Capital Strategy and Programme

The main objectives of the Capital Strategy and Programme are:

- To ensure that the Council's plans are sustainable and to keep additional borrowing to a minimum to eliminate/reduce the revenue cost of prudential borrowing on highways and other schemes
- To invest in the economy and infrastructure to create growth in the region
- To work collaboratively with partners to ensure funding is used effectively

The majority of capital spend in 2014-17 is within Children's Services and Highways. At present the level of funding does not match the level of spend and therefore the Council will need to borrow to finance some schemes. Table 13 provides details of the capital grant settlements from the government for 2014-17.

Capital Funding

The Council uses a number of sources of funding to support its capital programme. Funding comes primarily from grants and contributions provided by central government. These are augmented by capital receipts, developer contributions, prudential borrowing, and contributions from revenue budgets and reserves.

Table 13: Capital Grants from Government announced and brought forward

| | 2014-15 | 2015-16 | 2016-17+ |
|--|----------------|---------------|---------------|
| | £m | £m | £m |
| New Funding | | | |
| Department for Education | 1.939 | 8.520 | 8.946 |
| Department for Transport Block Grant (Indicative) | | 28.760 | |
| Department for Transport NDR Funding | | 19.000 | 43.500 |
| | 1.939 | 56.280 | 52.446 |
| Funding in Existing Programme | | | |
| Department for Education | 56.524 | 26.292 | |
| Department for Transport Integrated Transport and Structural Maintenance funding | 28.760 | | |
| | | | |
| Department for Transport NDR Funding | 20.000 | | |
| Department of Health | 7.482 | | |
| Department for Communities and Local Gov | 0.406 | 1.520 | |
| Department of Culture, Media and Sport | 10.378 | | |
| | 123.550 | 27.812 | 0.000 |
| | | | |
| Total | 125.489 | 84.092 | 52.446 |

Table 14: Funding of new and previously approved schemes

| | 2014-15 | 2015-16 | 2016-17+ |
|-------------------------------------|----------------|----------------|---------------|
| | £m | £m | £m |
| Total Capital Programme | 202.462 | 116.230 | 72.446 |
| Internal Funding | | | |
| Prudential Borrowing | 44.883 | 13.368 | 19.996 |
| Capital Receipts | 2.258 | 15.712 | 0.004 |
| Revenue and Reserves | 3.567 | | |
| | 50.708 | 29.080 | 20.000 |
| External Funding | | | |
| Government Grants and Contributions | 125.489 | 84.092 | 52.446 |
| Other Grants and Contributions | 26.265 | 3.058 | |
| | 151.754 | 87.150 | 52.446 |
| Total Funding | 202.462 | 116.230 | 72.446 |

Capital programme

Our three year capital programme aims to ensure that capital expenditure is targeted and managed to assist the Council to achieve its priorities. The approach is detailed within the Capital Strategy & Programme (appendix D)

Table 15: Capital Programme by Department

| | 2014-15 | 2015-16 | 2016-17+ | Total |
|-------------------------------------|----------------|----------------|---------------|----------------|
| | £m | £m | £m | £m |
| Children's Services | 69.460 | 35.012 | 8.946 | 113.418 |
| Adult Social Care | 9.060 | | | 9.060 |
| Cultural Services | 0.460 | | 63.500 | 63.960 |
| ETD Highways | 80.101 | 60.222 | | 140.323 |
| ETD Other | 10.026 | | | 10.026 |
| Fire & Rescue Service | 2.583 | 1.769 | | 4.352 |
| Resources | 30.772 | 19.227 | | 49.999 |
| | 202.462 | 116.230 | 72.446 | 391.138 |
| Funding | | | | |
| Internal Funding | | | | |
| Prudential Borrowing | 44.883 | 13.368 | 19.996 | 78.247 |
| Capital Receipts | 2.258 | 15.712 | 0.004 | 17.974 |
| Revenue and Reserves | 3.567 | | | 3.567 |
| | 50.708 | 29.080 | 20.000 | 99.788 |
| External Funding | | | | |
| Government Grants and Contributions | 125.489 | 84.092 | 52.446 | 262.027 |
| Other Grants and Contributions | 26.265 | 3.058 | | 29.323 |
| | 151.754 | 87.150 | 52.446 | 291.350 |
| | 202.462 | 116.230 | 72.446 | 391.138 |

Asset Management Plan

The Asset Management Plan provides a shared corporate approach to property, which both informs and is informed by the key plans, policies and strategies at all levels across Norfolk County Council, particularly, the Capital Programme. It sets the broad direction for asset management over the short and medium term and provides the rationale for the capital programme and other property decisions. The Plan was reported to Cabinet on 14th April 2014 and can be viewed on the County Council website at:
http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

The Council has an extensive and diverse property estate spread throughout the entire county. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility; and is predominantly freehold. The estate can be considered in four main headings:

- **Accommodation** – property used to house office based functions, usually directly or indirectly supporting the delivery of services
- **Operational buildings** – those used for the delivery of Council services.
- **Investment Property** – property that is primarily held to generate a financial return to the County Council
- **Miscellaneous** – property that does not fall into the preceding categories, but may be held whilst development potential is promoted to enhance the market value of the asset for disposal.

| | No. | Asset Type | Floor area (sq.m.) | Cost (£m.p.a.) | Value (£m) |
|---------------|------------|--------------------------------------|-------------------------|-------------------|---------------|
| Accommodation | 73 | Offices, admin buildings | 70,339 | 6.045 | 30.790 |
| Operational | 373 | Primary Schools | 431,998 | 23.461 | 418.864 |
| | 56 | Secondary Schools | 432,164 | 11.098 | 342.966 |
| | 37 | Children's Centres | | 0.656 | 12.699 |
| | 42 | Fire Stations | 15,428 | 1.751 | 23.804 |
| | 13 | Museums | 23,556 | 1.488 | 7.945 |
| | 69 | Residential Homes | 69,215 | 0.870 | 22.378 |
| | 38 | Playing Fields ¹ | n/a | n/a | n/a |
| | 47 | Libraries | 43,215 | 2.063 | 17.611 |
| | 17 | Household Waste R.C. | n/a | 0.249 | 1.539 |
| | 12 | Special Schools | 30,231 | 1.630 | 40.149 |
| | 27 | Landfill sites | n/a | 0.295 | 0.499 |
| | 8 | Bridges | n/a | n/a | 0 |
| | 6 | Park & Ride sites | 444 | 0.336 | 15.822 |
| | Investment | 1 | Norwich Airport Ind Est | n/a | n/a |
| 57 | | Sites for aerials, sirens, hoardings | n/a | n/a | 0 |
| 206 | | Tenanted farms ² | | CR 0.840 | 0 |
| Miscellaneous | 1 | Former RAF Coltishall | 66,380 | 0.042 | 4.000 |
| | 1 | Hethel Eng. Centre | n/a | CR 0.418 | 1.419 |
| | 51 | Permanent ways | n/a | 0.147 | 0.017 |
| | 121 | Assets decl. surplus ³ | 14,536 | 0.367 | 25.895 |
| | 8 | Community Buildings Other | | 0.352 | 1.226 |
| Totals | 1264 | | | 50.850 | 977.358 |

¹ Playing Field costs are included within the over all costs of Primary and Secondary Schools.

² Not all tenanted farms or community buildings have been measured and Children's Centre areas where measured (1,115m²), constitute 4 out of 38 sites with the remainder held as blocks within Primary sites.

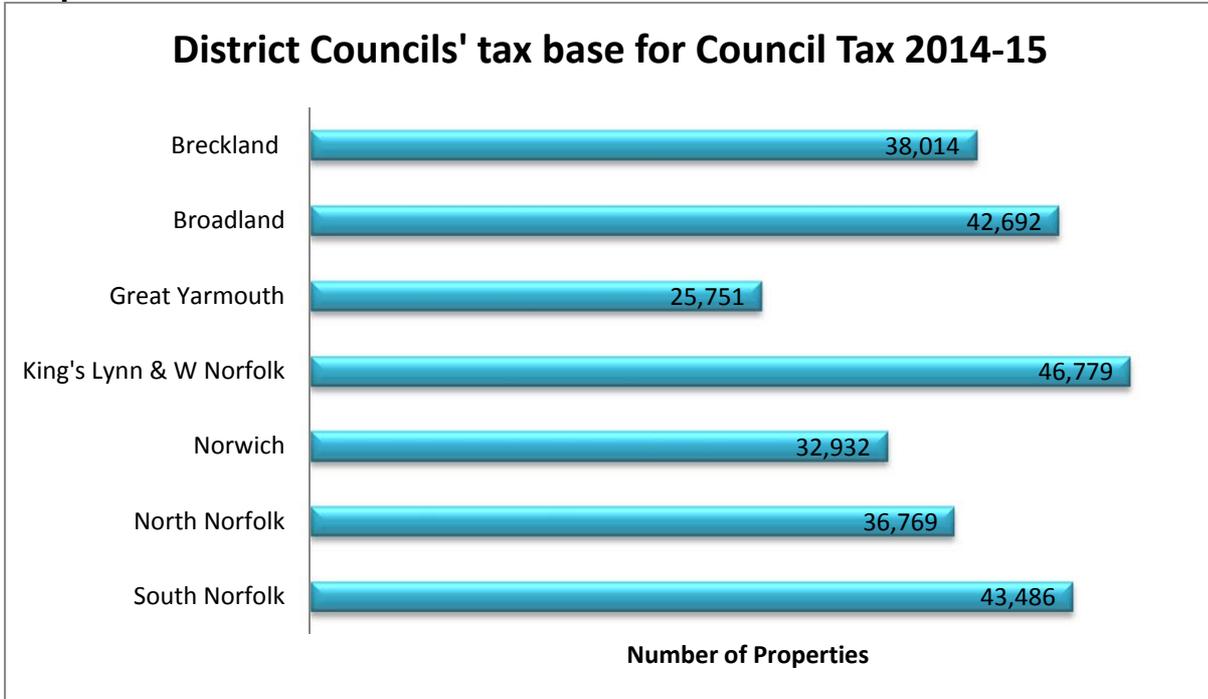
³ Asset declared surplus – assets are valued on 5 year rolling programme and valuation basis may not reflect market value 4 Running costs for 2012/13..5 Asset values as at 1 April 2014

Council Tax Information

Council Tax is the main source of locally raised income for many local authorities. This helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants and fees and charges.

The number of properties in each council tax band and in each district is converted into 'Band D' equivalent properties, and this gives us our council tax base, as shown below.

Graph 2



The council tax base is then multiplied by the 'Band D' amount (currently £1,145.07) to calculate our council tax income (the precept). The precept generated in each district is shown below

Table 16

| Split of Precept 2014-15 | |
|---|---------------------|
| The precept to be collected from District Council Collection Funds in 2014-15 | |
| Split between the District Councils as per their Band D tax base:- | |
| Breckland District Council | £43,528,691 |
| Broadland District Council | £48,885,328 |
| Great Yarmouth Borough Council | £29,486,698 |
| Kings Lynn and West Norfolk Borough Council | £53,565,688 |
| Norwich City Council | £37,709,445 |
| North Norfolk District Council | £42,103,079 |
| South Norfolk District Council | £49,794,514 |
| | £305,073,443 |

At its meeting on 17 February 2014, the County Council agreed a freeze in the Council Tax for 2014-15.

The table below highlights that on top of the freeze on Council Tax by the authority, the average amount paid by Norfolk citizens is significantly lower than the national average for a Band D property (£310.56 less in 2013-14).

Table 17: Comparison of Norfolk's Band D Equivalent

| | NORFOLK | | ENGLAND | | |
|----------------|----------|----------|----------|----------|----------|
| | Band D | Increase | Band D | Increase | Variance |
| | £ | % change | £ | % change | Band D £ |
| 1993/94 | 448.88 | | 567.95 | | 119.07 |
| 1994/95 | 465.75 | 3.76% | 580.11 | 2.14% | 114.36 |
| 1995/96 | 455.63 | -2.17% | 609.00 | 4.98% | 153.37 |
| 1996/97 | 465.84 | 2.24% | 646.00 | 6.08% | 180.16 |
| 1997/98 | 482.22 | 3.52% | 688.00 | 6.50% | 205.78 |
| 1998/99 | 557.73 | 15.66% | 747.00 | 8.58% | 189.27 |
| 1999/00 | 612.18 | 9.76% | 798.00 | 6.83% | 185.82 |
| 2000/01 | 650.43 | 6.25% | 847.00 | 6.14% | 196.57 |
| 2001/02 | 691.11 | 6.25% | 901.33 | 6.41% | 210.22 |
| 2002/03 | 758.52 | 9.75% | 975.56 | 8.24% | 217.04 |
| 2003/04 | 879.12 | 15.90% | 1,101.75 | 12.94% | 222.63 |
| 2004/05 | 929.70 | 5.75% | 1,166.56 | 5.88% | 236.86 |
| 2005/06 | 956.70 | 2.90% | 1,213.81 | 4.05% | 257.11 |
| 2006/07 | 1,004.40 | 4.99% | 1,267.91 | 4.46% | 263.51 |
| 2007/08 | 1,052.10 | 4.75% | 1,321.32 | 4.21% | 269.22 |
| 2008/09 | 1,091.52 | 3.75% | 1,373.08 | 3.92% | 281.56 |
| 2009/10 | 1,123.74 | 2.95% | 1,413.84 | 2.97% | 290.10 |
| 2010/11 | 1,145.07 | 1.90% | 1,439.22 | 1.80% | 294.15 |
| 2011/12 | 1,145.07 | 0.00% | 1,439.33 | 0.01% | 294.23 |
| 2012/13 | 1,145.07 | 0.00% | 1,444.13 | 0.33% | 299.06 |
| 2013-14 | 1,145.07 | 0.00% | 1,455.63 | 0.80% | 310.56 |
| Total % change | | 155.09% | | 156.30% | |

Staffing Budget

Table 18

| | 2013-2014 | | | 2014-2015 | | Net Variation |
|--|--------------------------------|--------------------|-----------------|-----------------------------|--------------------------------|-----------------|
| | FTE | | | FTE | | |
| | Anticipated Numbers March 2014 | Internal Transfers | Adjustments | Anticipated Changes 2014-15 | Anticipated Numbers March 2015 | |
| | (a) | (b) | (c) | (d) | (e) | |
| A - STAFF DEVOLVED UNDER LOCAL MANAGEMENT OF SCHOOLS ARRANGEMENTS | | | | | | |
| Children's Services - Devolved Staff | | | | | | |
| - Teachers | 4,737.6 | | -615.1 | | 4,122.5 | -615.1 |
| - Others | 5,227.6 | | -379.4 | | 4,848.2 | -379.4 |
| - Short Stay School | 133.5 | | 8.6 | | 142.1 | 8.6 |
| Total | 10,098.7 | | -985.9 | | 9,112.8 | -985.9 |
| B NON-DEVOLVED STAFF | | | | | | |
| Children's Services - Non-devolved staff | 1,303.1 | | 25.0 | 62.0 | 1,390.1 | 87.0 |
| Community Services - Adult Social Services | 1,339.1 | -77.0 | -412.4 | | 849.7 | -489.4 |
| Community Services - Cultural Services (includes Records Office & Adult Education) | 588.8 | | -54.1 | | 534.7 | -54.1 |
| Environment, Transport and Development | 754.4 | | 18.6 | 7.0 | 780.0 | 25.6 |
| Fire Service | | | | | | |
| - Uniformed Staff | 289.0 | | -1.0 | -0.2 | 287.8 | -1.2 |
| - Other staff | 95.8 | | 0.5 | 0.5 | 96.8 | 1.0 |
| Resources | 1,194.9 | 77.0 | 31.8 | -58.3 | 1,245.4 | 50.5 |
| Total | 5,565.1 | | -391.6 | 11.0 | 5,184.5 | -380.6 |
| GRAND TOTAL (Tables A and B) | 15,663.8 | | -1,377.5 | 11.0 | 14,297.3 | -1,366.5 |
| C STAFF EMPLOYED ON A CASUAL, VARIABLE HOURS AND SESSIONAL BASIS | | | | | | |
| Children's Services – Sessional and Support staff in Schools | 280.0 | | | | 250.0 | -30.0 |
| Fire Service – Retained Fire-fighters (544 headcount) | | | | | | |

Section A:

Schools determine their own staffing levels within allocated cash provision, so numbers will vary. These figures simply show current staffing levels.

Teaching numbers have decreased by 615.1 full-time equivalent (FTE) over the year. This reflects a number of schools opting for Academy status together with staffing adjustments in Community schools. Non-teaching numbers have reduced by 379.4 FTE for similar reasons over the same period.

Section B

In year transfers are identified (column b) together with in year adjustments (column c). We included in last year's budget estimates of the anticipated reductions in 2013-14 and advised that these would be subject to revision as more information became available, for example, where departments have achieved savings through vacancy management rather than deletion of posts. Adjustments have been included in the 2014-15 staffing budget where appropriate.

We have also included estimated changes for 2014-15. These reflect staffing implications as far as we can estimate at the moment and figures are shown in column (d). As with last year's data these may be subject to revision during the year. Anticipated numbers at March 2015 are shown (column e) together with the net variation.

Section C

Includes indicative numbers of temporary and casual staff in schools and the numbers of retained fire-fighters (for whom a full-time equivalent value is not appropriate)

Below is a summary of the more significant changes identified within **Section B**.

Children's Services - Non Devolved

Changes in Children's Services staffing focuses on strengthening resources devoted to social care and school improvement. This includes an overall increase of around 80 FTE social care posts, primarily social workers, and 7 FTE posts for school improvement and governor support. Appointments have been made to some of these posts during 2013-14 with the balance being phased in during 2014-15.

Community Services

Staffing changes in Adult Social Care during 2013-14 saw the internal transfer of Care Connect and finance staff to Resources (77 FTE) and the establishment of Independence Matters with the transfer of around 460 FTE employees. The 2013-14 figures have been adjusted to capture vacancies omitted from last year's figures. Staffing implications of the County Council's 2014-15 budget decisions are not finalised and will be revised as and when more information becomes available.

Staffing numbers in Cultural Services have been reducing during 2013-14 in response to in year budget pressures (primarily in Adult Education) and also in anticipation of the 2014-15 budget reduction. These changes are shown as in-year adjustments, with the most significant being a reduction of 38.1 FTE in Adult Education in line with a reduction in income from the Skills Funding Agency. There has also been a combination of restructuring, staff transfer and changes to external funding across Museums, Libraries, Record Office and Norfolk Guidance Service resulting in a net reduction of 16 FTE.

Environment, Transport and Development

The more significant changes are inclusion of 10 FTE Apprentices during 2013-14 and anticipated TUPE transfer (+7 FTE) in 2014-15. The balance of the increase largely reflects new statutory duties e.g. under Traffic Management Act and Flood and Water Management Act, additional grant funding/externally funded posts e.g. EU France (Channel) England, Environment grant funding together with a small number of time limited project posts.

Fire Service

Variation in hours/FTE within overall budget provision.

Resources

There were a number of organisational changes during 2013-14 affecting Resources. The more significant included transfer of Care Connect staff from Community Services to the Customer Service Centre (+ 67 FTE) and transfer of finance staff from Community Services (+ 10 FTE). In year adjustments reflect inclusion of the Drug and Alcohol Team within Public Health Service (+ 9 FTE), variation in staffing structure and numbers within the Registration Service effective January 2014 (+ 6 FTE) and Road Crossing Patrols (+17 FTE) omitted from last year's figures.

There are a number of reductions planned across shared services in line the County Council's budget decisions. Consultation has taken place or is underway in relation to a number of these with a net estimated reduction approaching 60 FTE, primarily ICT (-40 FTE), Planning, Performance and Partnerships (-9 FTE) and HR (-8 FTE). This overall figure will be subject to change as and when more information becomes available.

Budget Pages

The following section shows how the budget is split within each department, and details all savings and pressures forecast within each department during 2014-17.

Children's Services

- Early Years
- Schools
- Services For Young People & Other School & Educational Functions
- Other School & Educational Functions
- Education Management & Support Services
- Children's Social Care

Community Services – Adults

- Prevention
- Safeguarding
- Commissioning
- Finance & Service Transformation
- Business Development
- HR Learning & Development

Community Services – Cultural

- Adult Education
- Libraries
- Support Services
- Arts (Recreation) & Grants
- Norfolk Museums Service
- Norfolk Records Office
- Active Norfolk

Environment, Transport & Development

- Public Protection
- Travel & Transport
- Highways
- Environment & Waste
- Economic Development & Strategy
- ETD Business Support

Fire and Rescue Service

- Fire and Rescue Service

Resources

Human Resources
Policy, Performance & Partnerships
Democratic Services
Legal Services
Chief Executive's Office
Customer Services & Communications
ICT
Procurement
Corporate Programme Office
Finance
Public Health
Property

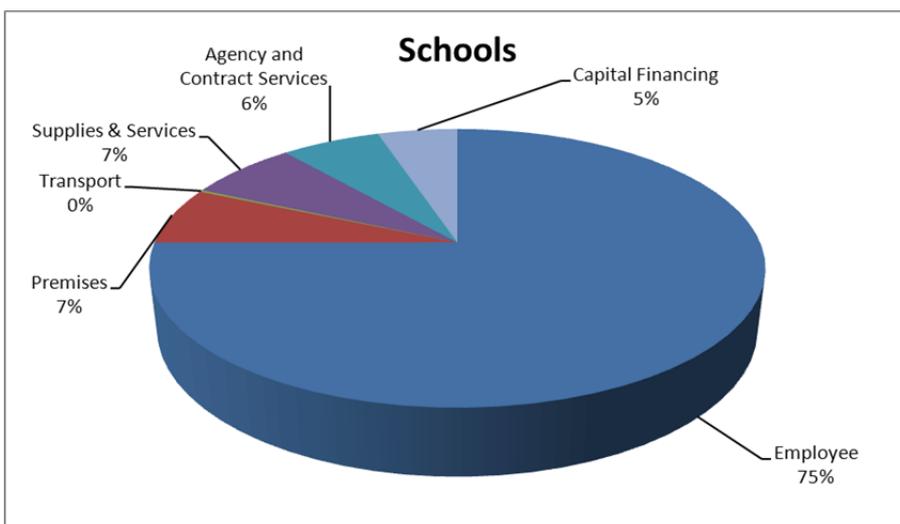
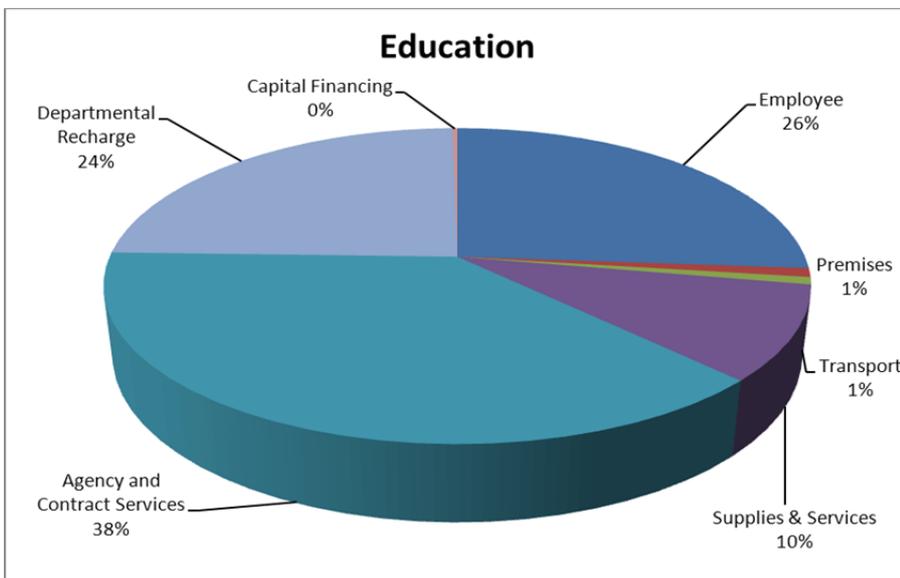
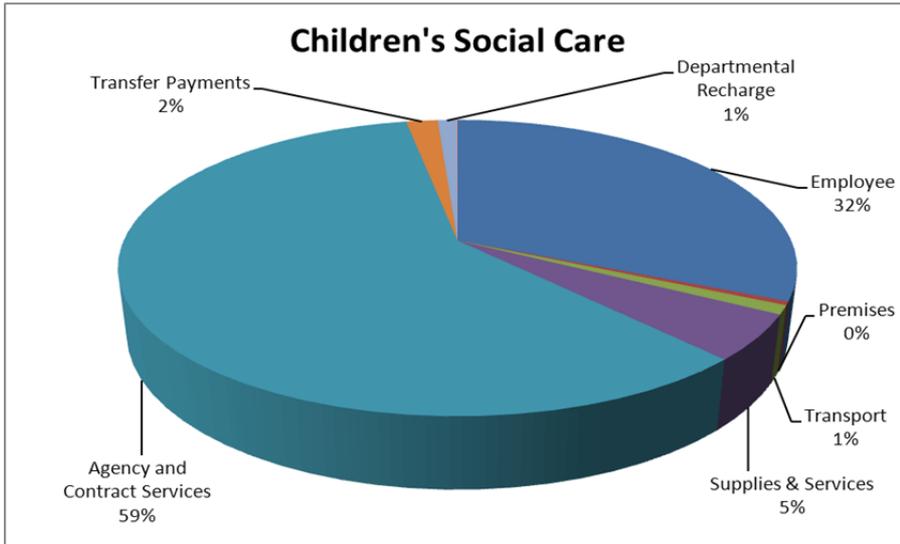
Finance General

Finance General

Children's Services – Director, Sheila Lock

| | 2014-15 | 2015-16 | 2016-17 |
|--|--------------------|--------------------|--------------------|
| Early Years | 45,740,930 | 46,049,664 | 46,364,539 |
| Schools | -13,374,040 | -13,374,040 | -13,374,040 |
| Services for Young People & Other School & Educational Functions | 42,372,350 | 41,401,284 | 39,621,054 |
| Other School & Educational Functions | 3,958,370 | 3,276,656 | 3,309,962 |
| Education Management & Support Services | -3,107,720 | -2,395,601 | -1,650,701 |
| Children's Social Care | 86,313,110 | 81,203,573 | 74,650,579 |
| | 161,903,000 | 156,161,536 | 148,921,393 |

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Employee | 375,098,070 | 375,239,194 | 374,291,333 |
| Premises | 29,475,550 | 29,493,929 | 29,513,065 |
| Transport | 2,694,600 | 2,581,217 | 2,477,880 |
| Supplies & Services | 45,014,510 | 44,358,945 | 44,461,418 |
| Agency and Contract Services | 124,995,470 | 118,227,618 | 112,262,553 |
| Transfer Payments | 1,639,960 | 1,652,336 | 1,664,960 |
| Support Services | 0 | 0 | 0 |
| Departmental Recharge | 29,667,750 | 27,853,457 | 28,033,979 |
| Internal Recharge | 6,998,670 | 6,998,670 | 6,998,670 |
| Capital Financing | 21,405,080 | 21,405,080 | 21,405,080 |
| Total Expenditure | 636,989,660 | 627,810,445 | 621,108,938 |
| Government Grants | -451,415,940 | -450,720,940 | -449,994,940 |
| Other Grants, Reimburs & Contrib. | -6,277,060 | -4,283,033 | -4,289,116 |
| Customer & Client Receipts | -6,631,810 | -6,770,442 | -6,911,847 |
| Interest rec'd | 0 | 0 | 0 |
| Rev appropriate adjusts | 0 | 0 | 0 |
| Recharges to other rev acc | -697,100 | -697,100 | -697,100 |
| Departmental Recharge | -3,066,080 | -3,178,723 | -3,295,872 |
| Internal Recharge | -6,998,670 | -6,998,670 | -6,998,670 |
| Total Income | -475,086,660 | -472,648,909 | -472,187,545 |
| Total | 161,903,000 | 155,161,537 | 148,921,393 |



Early Years – Interim Assistant Director (Early Help), Michael Rosen

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 3,207,110 | 3,207,640 | 3,208,145 |
| Premises | 137,700 | 137,854 | 138,011 |
| Transport | 128,910 | 128,910 | 128,910 |
| Supplies & Services | 675,740 | 677,809 | 679,921 |
| Agency and Contract Services | 42,481,460 | 42,787,404 | 43,099,466 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 24,270 | 24,307 | 24,345 |
| Internal Recharge | 1,697,130 | 1,697,130 | 1,697,130 |
| Capital Financing | | | |
| Total Expenditure | 48,352,320 | 48,661,054 | 48,975,929 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -1,000,000 | -1,000,000 | -1,000,000 |
| Customer & Client Receipts | -75,000 | -75,000 | -75,000 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -1,536,390 | -1,536,390 | -1,536,390 |
| Total Income | -2,611,390 | -2,611,390 | -2,611,390 |
| Total | 45,740,930 | 46,049,664 | 46,364,539 |

Early years services includes delegated nursery school budgets, local authority expenditure attributable to early years provisions, Children's Centres and payments to private voluntary and independent early years providers.

Schools – Assistant Director of Education Strategy and Commissioning, Gordon Boyd

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Employee | 315,558,600 | 315,558,600 | 315,558,600 |
| Premises | 28,040,850 | 28,040,850 | 28,040,850 |
| Transport | 931,690 | 931,690 | 931,690 |
| Supplies & Services | 29,052,760 | 29,052,760 | 29,052,760 |
| Agency and Contract Services | 26,204,540 | 26,204,540 | 26,204,540 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 8,710 | 8,710 | 8,710 |
| Internal Recharge | 4,675,530 | 4,675,530 | 4,675,530 |
| Capital Financing | 21,057,830 | 21,057,830 | 21,057,830 |
| Total Expenditure | 425,530,510 | 425,530,510 | 425,530,510 |
| Government Grants | -434,942,200 | -434,942,200 | -434,942,200 |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | -38,500 | -38,500 | -38,500 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | -697,100 | -697,100 | -697,100 |
| Departmental Recharge | | | |
| Internal Recharge | -3,226,750 | -3,226,750 | -3,226,750 |
| Total Income | -438,904,550 | -438,904,550 | -438,904,550 |
| Total | -13,374,040 | -13,374,040 | -13,374,040 |

Schools funding is provided through the Dedicated Schools Grant and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation.

Services for Young People & Other School & Educational Functions – Assistant Director of Education Strategy and Commissioning, Gordon Boyd

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 15,190,420 | 15,237,910 | 13,977,369 |
| Premises | 516,240 | 520,105 | 524,131 |
| Transport | 511,060 | 511,792 | 512,550 |
| Supplies & Services | 7,999,560 | 7,747,204 | 8,000,823 |
| Agency and Contract Services | 2,234,480 | 2,518,150 | 2,807,494 |
| Transfer Payments | 4,450 | 4,450 | 4,450 |
| Support Services | | | |
| Departmental Recharge | 27,079,790 | 25,197,983 | 25,308,903 |
| Internal Recharge | | | |
| Capital Financing | 202,230 | 202,230 | 202,230 |
| Total Expenditure | 53,738,230 | 51,939,824 | 51,337,951 |
| Government Grants | -4,839,000 | -4,839,000 | -4,839,000 |
| Other Grants, Reimburs & Contrib. | -364,820 | -370,472 | -376,228 |
| Customer & Client Receipts | -2,455,370 | -2,509,734 | -2,565,186 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -2,816,080 | -2,928,723 | -3,045,872 |
| Internal Recharge | -890,610 | -890,610 | -890,610 |
| Total Income | -11,365,880 | -11,538,540 | -11,716,896 |
| Total | 42,372,350 | 40,401,284 | 39,621,054 |

Service includes - Positive Activities for Young People, Community Support for Youth Provision, Information Advice and Guidance Services, Study Support Centres, and Water Activities Centre

Other School & Educational Functions – Assistant Director of Education Strategy and Commissioning, Gordon Boyd

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 7,080,200 | 6,943,621 | 7,022,841 |
| Premises | 62,740 | 63,594 | 64,466 |
| Transport | 180,320 | 180,506 | 180,696 |
| Supplies & Services | 1,689,800 | 1,225,961 | 1,262,966 |
| Agency and Contract Services | 62,050 | 62,050 | 62,050 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 27,200 | 27,383 | 27,573 |
| Internal Recharge | 523,980 | 523,980 | 523,980 |
| Capital Financing | | | |
| Total Expenditure | 9,626,290 | 9,027,096 | 9,144,572 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -960,870 | -960,870 | -960,870 |
| Customer & Client Receipts | -3,700,680 | -3,783,200 | -3,867,370 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -1,006,370 | -1,006,370 | -1,006,370 |
| Total Income | -5,667,920 | -5,750,440 | -5,834,610 |
| Total | 3,958,370 | 3,276,656 | 3,309,962 |

Service includes:-

Special Education, including Education Psychology Service, Parent Partnerships, SEN administration, assessment and coordination, therapies and other health related services.

Learner Support, including excluded pupils, pupil support, home to school/college transport, education attendance service and school improvement

Access, including asset management, supply of school places, music services, visual and performing arts and outdoor education including environmental and field studies.

Local Authority Education Functions, including statutory/regulatory duties, premature retirement costs/redundancy costs, existing early retirement costs, joint use arrangements and monitoring the national curriculum assessment

Education Management & Support Services – Mick Sabec

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 5,414,540 | 5,383,312 | 5,352,678 |
| Premises | 353,820 | 363,167 | 372,885 |
| Transport | 60,450 | 60,524 | 60,601 |
| Supplies & Services | 1,051,740 | 1,061,278 | 1,071,033 |
| Agency and Contract Services | 46,000 | 46,000 | 46,000 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 1,556,760 | 1,587,764 | 1,619,395 |
| Internal Recharge | 23,710 | 23,710 | 23,710 |
| Capital Financing | 94,250 | 94,250 | 94,250 |
| Total Expenditure | 8,601,270 | 8,620,005 | 8,640,552 |
| Government Grants | -10,756,000 | -10,061,000 | -9,335,000 |
| Other Grants, Reimburs & Contrib. | -500,000 | -500,321 | -500,648 |
| Customer & Client Receipts | -268,410 | -269,704 | -271,025 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -184,580 | -184,580 | -184,580 |
| Total Income | -11,708,990 | -11,015,605 | -10,291,253 |
| Total | -3,107,720 | -2,395,601 | -1,650,701 |

Service includes - Children's Services Leadership Teams, Strategy and Commissioning, Quality assurance and Compliance, Transformation Programme, Business Support teams, and Central office accommodation

Children's Social Care – Interim Assistant Director of Social Care, Kevin Peers

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 28,647,200 | 28,908,111 | 29,171,699 |
| Premises | 364,200 | 368,359 | 372,721 |
| Transport | 882,170 | 767,795 | 663,434 |
| Supplies & Services | 4,544,910 | 4,593,932 | 4,393,915 |
| Agency and Contract Services | 53,966,940 | 46,609,474 | 40,043,002 |
| Transfer Payments | 1,635,510 | 1,647,886 | 1,660,510 |
| Support Services | | | |
| Departmental Recharge | 971,020 | 1,007,311 | 1,045,053 |
| Internal Recharge | 78,320 | 78,320 | 78,320 |
| Capital Financing | 50,770 | 50,770 | 50,770 |
| Total Expenditure | 91,141,040 | 84,031,957 | 77,479,425 |
| Government Grants | -878,740 | -878,740 | -878,740 |
| Other Grants, Reimburs & Contrib. | -3,451,370 | -1,451,370 | -1,451,370 |
| Customer & Client Receipts | -93,850 | -94,304 | -94,766 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -250,000 | -250,000 | -250,000 |
| Internal Recharge | -153,970 | -153,970 | -153,970 |
| Total Income | -4,827,930 | -2,828,384 | -2,828,846 |
| Total | 86,313,110 | 81,203,573 | 74,650,579 |

Service includes:-

Service Strategy, including central commissioning function and social work.

Children Looked After, including residential care, secure accommodation, fostering services, children placed with family and friends, advocacy services for children looked after, leaving care support services and asylum seeker services.

Family Support Services, including homecare, contribution to health care of individual children, short breaks (respite) for disabled children, substance misuse services and teenage pregnancy services.

Youth Justice, including youth offending teams.

Children and Young People's Safety, including child death review processes.

Other Children and Family Services, including adoption services and special guardianship support.

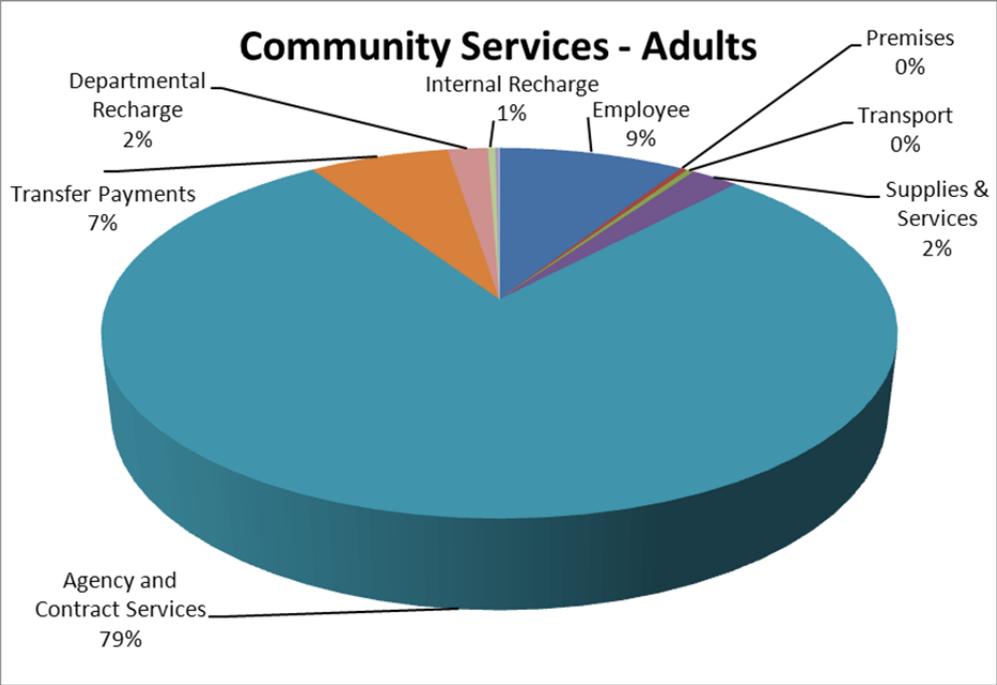
| Budget Changes for 2014-17 | | | | |
|-----------------------------------|--|----------------|----------------|----------------|
| CHILDREN'S SERVICES | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | BASE BUDGET | 176.637 | 161.903 | 155.162 |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.633 | 0.572 | 0.577 |
| | Basic Inflation - Prices | 2.839 | 2.691 | 2.764 |
| | Demographics | | | |
| | Looked After Children - increased residential and foster care agency provision | 3.931 | 2.081 | 2.081 |
| | Government Policy | | | |
| | Early Intervention one off funding - underspends | 6.505 | | |
| | Early Intervention one off additional cost | -3.500 | | |
| | Academy conversion – Education Service Grant | 1.376 | 0.695 | 0.726 |
| | NCC Policy | | | |
| | Cost of managing the implementation of reduction in looked after children (one-off) | 2.120 | -2.120 | |
| | Transport of children with special educational needs (one-off) | 0.950 | -0.950 | |
| | Youth Advisory Boards - from 13/14 | | -0.500 | |
| | Raising School Standards - from 13/14 | | -0.500 | |
| | Resource within Social work teams | 2.344 | | |
| | Total Additional Costs | 17.198 | 1.969 | 6.148 |
| Ref | BUDGET SAVINGS | | | |
| 2 | To review the procurement of existing ICT systems with Children's services | -0.100 | | |
| 4 | Re-negotiate contract for buying and leasing mini-buses | -0.136 | | |
| 4 | Reducing the costs of business travel | -0.126 | -0.115 | -0.105 |
| 4 | Review how we purchase yellow buses | -0.205 | | |
| 4 | Replace some yellow buses | -0.049 | | |
| 8 | Reintegration of business support into operation teams | -0.375 | 0.000 | 0.000 |
| 8 | Review senior management and commissioning structures | | -0.090 | -0.090 |
| 12 | Reduced retirement costs for teachers | | | -0.400 |
| 19 | Improve the way we support, challenge and intervene in schools | -0.850 | | |
| 21 | Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children | -5.215 | -7.215 | -7.559 |
| 21 | Children's Services Review – use of one off reserves to delay savings to 2015-16 | -2.000 | 2.000 | |

| | | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|----|---|----------------|----------------|----------------|
| 22 | Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill | | | -1.912 |
| 23 | Reduce the funding for restorative approaches | -0.160 | | |
| 24 | Stop our contribution to the Schools Wellbeing Service, Teacher Recruitment Service, Norfolk Music Service and Healthy Norfolk Schools Programme and explore if we could sell these services to schools | -0.474 | -0.215 | |
| 25 | Change how we support childminders, nurseries and other childcare providers | -2.670 | | |
| 26 | Reduce the cost of transport for children with Special Educational Needs | | | -1.000 |
| 27 | Reduce the transport subsidy provided to students aged 16-19 | | -2.000 | |
| 28 | Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending | | | -0.250 |
| 29 | Reduce funding for school crossing patrols | | -0.150 | -0.150 |
| 64 | Change the support we give to families, children and young people | -0.300 | | |
| | Putting People First proposals sub total | -12.660 | -7.785 | -11.466 |
| | Increased Looked After Children savings | 0.000 | -0.925 | -0.925 |
| | Early Help system | -0.500 | | |
| | Other savings sub total | -0.500 | -0.925 | -0.925 |
| | Total Savings | -13.160 | -8.710 | -12.391 |
| | | | | |
| | COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| | *Depreciation | -4.734 | | |
| | *REFCUS | -14.033 | | |
| | Debt Management Expenses | -0.010 | | |
| | Office Accommodation Depreciation | 0.007 | | |
| | To Resources: Transfer of Carrow reception staff | -0.014 | | |
| | From Resources: Information management | 0.012 | | |
| | Sub total Cost Neutral Adjustments | -18.772 | | |
| | | | | |
| | TOTAL | 161.903 | 155.162 | 148.919 |

Community Services – Adults – Director, Harold Bodmer

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------------------|--------------------|--------------------|--------------------|
| Prevention | 9,399,200 | 5,739,073 | 5,226,697 |
| Safeguarding | 163,706,450 | 149,409,790 | 152,397,482 |
| Commissioning | 73,948,740 | 72,684,986 | 72,393,577 |
| Finance & Service Transformation | -4,666,120 | -4,621,871 | -4,576,768 |
| Business Development | 4,945,120 | 4,875,293 | 4,958,273 |
| HR Learning & Development | 1,263,610 | 1,282,502 | 1,301,833 |
| | 248,597,000 | 229,369,773 | 231,701,094 |

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|---------------------|---------------------|
| Employee | 30,558,280 | 30,671,080 | 31,153,788 |
| Premises | 1,115,720 | 1,068,992 | 1,098,527 |
| Transport | 1,192,630 | 1,099,984 | 1,016,583 |
| Supplies & Services | 7,920,560 | 8,079,369 | 8,241,712 |
| Agency and Contract Services | 267,397,000 | 273,908,679 | 280,474,440 |
| Transfer Payments | 23,037,420 | 17,135,942 | 14,236,434 |
| Support Services | 0 | -256,000 | -406,000 |
| Departmental Recharge | 6,634,360 | 6,930,244 | 7,237,486 |
| Internal Recharge | 1,228,630 | 1,228,630 | 1,228,630 |
| Capital Financing | 680,210 | 680,210 | 680,210 |
| Total Expenditure | 339,764,810 | 340,547,131 | 344,961,810 |
| Government Grants | -575,680 | -575,680 | -575,680 |
| Other Grants, Reimburs & Contrib. | -29,480,140 | -48,248,540 | -49,015,927 |
| Customer & Client Receipts | -59,883,360 | -61,124,508 | -62,440,480 |
| Interest rec'd | 0 | 0 | 0 |
| Rev appropriate adjusts | 0 | 0 | 0 |
| Recharges to other rev acc | 0 | 0 | 0 |
| Departmental Recharge | 0 | 0 | 0 |
| Internal Recharge | -1,228,630 | -1,228,630 | -1,228,630 |
| Total Income | -91,167,810 | -111,177,358 | -113,260,717 |
| Total | 248,597,000 | 229,369,773 | 231,701,094 |



Prevention – Assistant Director Prevention and Transformation, Janice Dane

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 9,348,770 | 9,448,300 | 9,690,242 |
| Premises | 815,580 | 838,649 | 862,855 |
| Transport | 488,720 | 450,559 | 416,429 |
| Supplies & Services | 441,980 | 456,480 | 471,315 |
| Agency and Contract Services | 1,833,340 | 1,842,801 | 1,852,443 |
| Transfer Payments | 1,600 | 1,600 | 1,600 |
| Support Services | | | |
| Departmental Recharge | 190,080 | 190,856 | 191,662 |
| Internal Recharge | | | |
| Capital Financing | 485,750 | 485,750 | 485,750 |
| Total Expenditure | 13,605,820 | 13,714,996 | 13,972,296 |
| Government Grants | -3,370 | -3,370 | -3,370 |
| Other Grants, Reimburs & Contrib. | -2,320,340 | -6,071,996 | -6,823,673 |
| Customer & Client Receipts | -1,716,350 | -1,733,997 | -1,751,997 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -166,560 | -166,560 | -166,560 |
| Total Income | -4,206,620 | -7,975,923 | -8,745,599 |
| Total | 9,399,200 | 5,739,073 | 5,226,697 |

| | 2014-15 | 2015-16 | 2016-17 |
|---|------------------|------------------|------------------|
| PCSS (Personal Community Support Services) Premises | 979,570 | 1,116,196 | 1,255,069 |
| Reablement Service | 5,436,800 | 2,461,475 | 2,490,791 |
| Service Development & Other | 780,260 | 47,235 | -685,553 |
| County Resources | 2,069,100 | 1,974,764 | 2,020,962 |
| Community Meals | -5,860 | -4,583 | -3,831 |
| Community Safety | 106,370 | 110,963 | 115,630 |
| Solutions | 32,960 | 33,293 | 33,629 |
| | 9,399,200 | 5,739,073 | 5,226,697 |

Safeguarding – Assistant Director, Debbie Olley

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 15,538,810 | 15,565,530 | 15,744,037 |
| Premises | 67,050 | 67,641 | 68,244 |
| Transport | 690,140 | 635,335 | 585,737 |
| Supplies & Services | 513,950 | 520,964 | 528,142 |
| Agency and Contract Services | 194,299,450 | 202,146,459 | 209,076,707 |
| Transfer Payments | 23,025,000 | 17,123,305 | 14,223,577 |
| Support Services | | -256,000 | -406,000 |
| Departmental Recharge | 4,680,000 | 4,938,577 | 5,207,497 |
| Internal Recharge | 50,000 | 50,000 | 50,000 |
| Capital Financing | | | |
| Total Expenditure | 238,864,400 | 240,791,811 | 245,077,941 |
| Government Grants | -84,480 | -84,480 | -84,480 |
| Other Grants, Reimburs & Contrib. | -16,935,780 | -31,950,004 | -31,964,398 |
| Customer & Client Receipts | -57,845,120 | -59,054,967 | -60,339,011 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -292,570 | -292,570 | -292,570 |
| Total Income | -75,157,950 | -91,382,021 | -92,680,459 |
| Total | 163,706,450 | 149,409,790 | 152,397,482 |

| | 2014-15 | 2015-16 | 2016-17 |
|--|--------------------|--------------------|--------------------|
| Purchase of Care | 148,052,250 | 133,766,634 | 139,658,030 |
| Safeguarding & Deprivation of Liberties | 787,180 | 797,149 | 807,265 |
| Care & Assessment | 13,870,260 | 13,834,690 | 13,906,097 |
| County Mngt of Mental Health & Lng Diff, Occ Therapy & Other | 996,760 | 1,011,318 | 1,026,089 |
| Total | 163,706,450 | 149,409,790 | 155,397,482 |

Commissioning – Director of Integrated Commissioning, Catherine Underwood

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 1,990,890 | 2,010,644 | 2,030,595 |
| Premises | 3,290 | 3,358 | 3,427 |
| Transport | 25,520 | 25,546 | 25,573 |
| Supplies & Services | 3,514,580 | 3,585,988 | 3,659,064 |
| Agency and Contract Services | 70,900,810 | 69,556,019 | 69,181,890 |
| Transfer Payments | 10,820 | 11,036 | 11,257 |
| Support Services | | | |
| Departmental Recharge | 452,780 | 453,361 | 453,965 |
| Internal Recharge | 1,181,130 | 1,181,130 | 1,181,130 |
| Capital Financing | | | |
| Total Expenditure | 78,079,820 | 76,827,082 | 76,546,901 |
| Government Grants | -408,610 | -408,610 | -408,610 |
| Other Grants, Reimburs & Contrib. | -2,814,020 | -2,815,091 | -2,816,175 |
| Customer & Client Receipts | -136,450 | -146,396 | -156,540 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -772,000 | -772,000 | -772,000 |
| Total Income | -4,131,080 | -4,142,097 | -4,153,325 |
| Total | 73,948,740 | 72,684,986 | 72,393,577 |

| | 2014-15 | 2015-16 | 2016-17 |
|--|-------------------|-------------------|-------------------|
| Integrated Commissioning Team | 1,304,150 | 1,320,465 | 1,336,970 |
| Service Level Agreements (including Norsecare) | 36,249,700 | 36,063,193 | 35,392,967 |
| Community Equipment | 2,550,300 | 2,618,362 | 2,688,020 |
| Carers Funding | 1,170,530 | 1,170,530 | 1,170,530 |
| Supporting People | 13,443,400 | 12,387,649 | 12,533,341 |
| Independence Matters | 13,246,920 | 12,996,920 | 12,996,920 |
| Learning Disabilities Partnership Funding | 5,620,230 | 5,759,090 | 5,900,722 |
| Quality Assurance | 363,510 | 368,777 | 374,107 |
| | 73,948,740 | 72,684,986 | 72,393,577 |

Finance and Service Transformation – Interim Finance Business Partner, Mike Forrester -
Assistant Director Prevention and Transformation, Janice Dane

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 730,110 | 733,681 | 737,289 |
| Premises | 200 | 204 | 208 |
| Transport | -107,030 | -107,024 | -107,017 |
| Supplies & Services | 1,815,880 | 1,858,334 | 1,901,637 |
| Agency and Contract Services | 363,400 | 363,400 | 363,400 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 7,980 | 8,068 | 8,159 |
| Internal Recharge | 16,030 | 16,030 | 16,030 |
| Capital Financing | 950 | 950 | 950 |
| Total Expenditure | 2,827,520 | 2,873,642 | 2,920,655 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -7,400,000 | -7,400,000 | -7,400,000 |
| Customer & Client Receipts | -93,640 | -95,513 | -97,423 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -7,493,640 | -7,495,513 | -7,497,423 |
| Total | -4,666,120 | -4,621,871 | -4,576,768 |

| | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------|-------------------|-------------------|-------------------|
| Departmental Manager - Director | 245,890 | 248,377 | 250,893 |
| Grants, Bad Debt Provision | -4,912,010 | -4,870,248 | -4,827,661 |
| | -4,666,120 | -4,621,871 | -4,576,768 |

Business Development – Business and Development Manager, John Perrott

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 2,597,220 | 2,553,816 | 2,585,728 |
| Premises | 128,680 | 56,159 | 58,710 |
| Transport | 83,000 | 83,000 | 83,000 |
| Supplies & Services | 864,440 | 875,920 | 887,641 |
| Agency and Contract Services | | | |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 1,173,520 | 1,209,383 | 1,246,203 |
| Internal Recharge | -18,530 | -18,530 | -18,530 |
| Capital Financing | 193,510 | 193,510 | 193,510 |
| Total Expenditure | 5,021,840 | 4,953,257 | 5,036,263 |
| Government Grants | -79,220 | -79,220 | -79,220 |
| Other Grants, Reimburs & Contrib. | | -1,244 | -2,513 |
| Customer & Client Receipts | | | |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | 2,500 | 2,500 | 2,500 |
| Total Income | -76,720 | -77,964 | -79,233 |
| Total | 4,945,120 | 4,875,293 | 4,957,029 |

| | 2014-15 | 2015-16 | 2016-17 |
|------------------------------|------------------|------------------|------------------|
| Business Development Systems | 286,440 | 289,259 | 292,107 |
| Logisitics | 2,012,390 | 1,980,845 | 2,025,425 |
| Business Support | 2,646,290 | 2,605,189 | 2,639,497 |
| | 4,945,120 | 4,875,293 | 4,957,029 |

HR Learning & Development – Interim Lead HR & OD Business Partner, Lucy Hohnen

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 352,480 | 359,110 | 365,897 |
| Premises | 100,920 | 102,980 | 105,082 |
| Transport | 12,280 | 12,567 | 12,861 |
| Supplies & Services | 769,730 | 781,684 | 793,913 |
| Agency and Contract Services | | | |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 130,000 | 130,000 | 130,000 |
| Internal Recharge | | | |
| Capital Financing | | | |
| Total Expenditure | 1,365,410 | 1,386,342 | 1,407,754 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -10,000 | -10,204 | -10,412 |
| Customer & Client Receipts | -91,800 | -93,636 | -95,509 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -101,800 | -103,840 | -105,921 |
| Total | 1,263,610 | 1,282,502 | 1,301,833 |

Providing HR and organisational Development support to the department and training to in-house staff and to external providers of adult social care support and services.

| Budget Changes for 2014-17 | | | | |
|------------------------------------|---|----------------|----------------|----------------|
| COMMUNITY SERVICES - ADULTS | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | Base Budget | 257.454 | 248.597 | 229.370 |
| | | | | |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.470 | 0.475 | 0.479 |
| | Basic Inflation - Prices | 4.561 | 4.658 | 4.756 |
| | Demographics | | | |
| | Demographic growth | 6.934 | 6.035 | 6.134 |
| | NCC Policy | | | |
| | Increased pension liability relating to the creation of Independence Matters | 0.509 | | |
| | Additional costs for Insurance, HR and Finance relating to the creation of Independence Matters | 0.100 | | |
| | Irrecoverable VAT additional charge relating to the creation of Independence Matters | 0.145 | | |
| | Irrecoverable VAT additional charge relating to the creation of Independence Matters | 0.145 | | |
| | Increased pension liability relating to Norsecare | 0.883 | | |
| | Local reform & community voices (DH revenue) additional spend | 0.023 | | |
| | Total Additional Costs | 13.625 | 11.168 | 11.369 |
| | | | | |
| Ref | BUDGET SAVINGS | | | |
| 4 | Re-negotiate contract for buying and leasing mini-buses | -0.090 | | |
| 4 | Reducing the costs of business travel | -0.108 | -0.099 | -0.090 |
| 4 | Renegotiate the Norse bulk recharge | | -0.106 | |
| 4 | Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least to transport to another day service | | -0.100 | |
| 6 | Electronic Monitoring of Home Care providers | | | -0.500 |
| 6 | Review block home care contracts | -0.300 | -0.100 | |
| 6 | Review of agreement with Mental Health Trust | -0.500 | | |
| 6 | Review of Norse Care agreement for the provision of residential care | -2.000 | -1.000 | -1.500 |
| 6 | Review of respite care | -0.300 | | |
| 8 | Reduction in Business Support | -0.100 | | |
| 8 | Community Safety | -0.110 | | |
| 8 | Decommission offices, consolidate business support | | -0.150 | |
| 9 | Reducing controllable spend in Community Services | -0.640 | | |
| 9 | Reduce training budget | -0.500 | | |
| 13 | NHS: Invest to save | -1.804 | | |
| 14 | Further Savings from PCSS (Personal Community Support Service) | -0.250 | -0.250 | |
| 14 | Review Care Arranging Service | | -0.140 | |

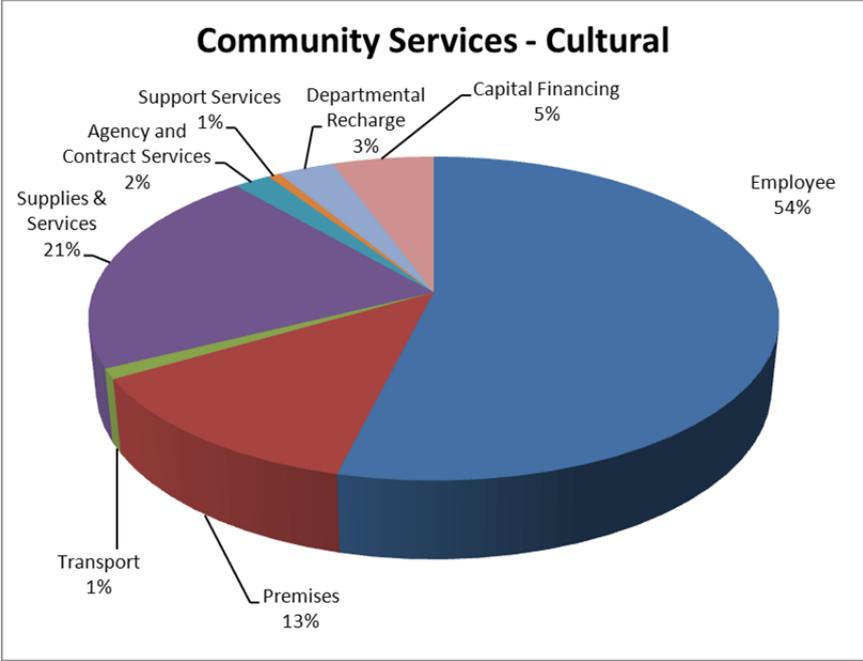
| | | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|----|--|----------------|----------------|---------------|
| 18 | Joint senior manager posts with Health | -0.200 | | |
| 18 | Integrated occupational therapist posts with Health | | -0.100 | |
| 18 | Assistant grade posts working across both health and social care | | -0.050 | |
| 20 | Trading Assessment and Care Management support for people who fund their own care | | | -0.050 |
| 20 | Economic Development securing more funding for key care services | | -0.750 | -0.750 |
| 30 | Change the type of social care support that people receive to help them live at home | -0.200 | -0.200 | |
| 31 | Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget | -3.000 | -6.000 | -3.000 |
| 32 | Cut the costs of the contract with the provider delivering community health support to people with a learning disability | -0.960 | | |
| 33 | Changing how we provide care for people with learning disabilities or physical disabilities | -1.000 | -2.000 | -3.000 |
| 34 | Work better with the NHS to deliver the Reablement and Swifts Services and look to share costs equitably. | | -3.000 | |
| 35 | Scale back housing-related services and focus on the most vulnerable people | -1.200 | -1.200 | |
| 36 | Reduce the number of Adult Care service users we provide transport for | -1.800 | -0.150 | -0.150 |
| 37 | Stop ongoing (revenue) spend on the Strong and Well programme | -0.500 | | |
| 66 | Charge people who fund their own social care the full cost of transport | -0.140 | | |
| | Total Savings | -15.702 | -15.395 | -9.040 |
| | | | | |
| | COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| | Depreciation | -0.538 | | |
| | REFCUS | 0.000 | | |
| | Debt Management Expenses | -0.001 | | |
| | To Resources: Payments and Billing Team | -0.248 | | |
| | Local Reform & Community Voices Grant: Independent Complaints Advocacy Service Expenditure | 0.247 | | |
| | Local Reform & Community Voices Grant: Independent Complaints Advocacy Service Grant Income | -0.247 | | |
| | From Communications (Resources) – Transfer relating to Citizen Advice Bureau | 0.364 | | |
| | From Resources: Shared Service budgets relating to the creation of Independence Matters | 0.139 | | |
| | From Resources: Information management | 0.018 | | |
| | To Resources: Transfer of Carrow reception staff | -0.004 | | |
| | Office Accommodation Depreciation | -0.026 | | |
| | To Resources - Social Care Centre of expertise | -2.265 | | |
| | Sub total Cost Neutral Adjustments | -2.561 | | |

| | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|--|----------------|----------------|----------------|
| BASE ADJUSTMENTS | | | |
| Local reform & community voices (DH revenue) grant | -0.023 | | |
| Increased NHS Social Care Funding | -4.196 | -15.000 | |
| Sub total Base Adjustments | -4.219 | -15.000 | |
| | | | |
| TOTAL | 248.597 | 229.370 | 231.699 |

Community Services – Cultural Services – Director, Harold Bodmer

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------------|-------------------|-------------------|-------------------|
| Adult Education | 136,925 | 204,386 | 272,971 |
| Libraries | 10,246,135 | 10,392,251 | 10,541,382 |
| Arts (Recreation) & Grants | 446,164 | 450,324 | 424,558 |
| Norfolk Museums Service | 3,265,520 | 2,982,634 | 3,055,645 |
| Norfolk Records Office | 1,221,056 | 1,220,689 | 1,230,641 |
| Active Norfolk | 10,200 | 20,558 | 31,082 |
| | 15,326,000 | 15,270,842 | 15,556,279 |

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 16,547,492 | 16,728,653 | 16,911,707 |
| Premises | 3,910,770 | 3,994,998 | 4,082,633 |
| Transport | 339,810 | 342,265 | 344,778 |
| Supplies & Services | 6,486,958 | 6,583,106 | 6,651,319 |
| Agency and Contract Services | 615,340 | 629,985 | 644,923 |
| Transfer Payments | 0 | 0 | 0 |
| Support Services | 201,870 | 202,449 | 203,033 |
| Departmental Recharge | 945,850 | 961,096 | 976,677 |
| Internal Recharge | 222,031 | 222,031 | 222,031 |
| Capital Financing | 1,708,010 | 1,708,010 | 1,708,010 |
| Total Expenditure | 30,978,131 | 31,372,594 | 31,745,112 |
| Government Grants | -6,036,400 | -6,036,400 | -6,036,400 |
| Other Grants, Reimburs & Contrib. | -4,453,051 | -4,458,254 | -4,463,509 |
| Customer & Client Receipts | -4,731,050 | -5,175,468 | -5,257,294 |
| Interest rec'd | 0 | 0 | 0 |
| Rev appropriate adjusts | 0 | 0 | 0 |
| Recharges to other rev acc | 0 | 0 | 0 |
| Departmental Recharge | -187,100 | -187,100 | -187,100 |
| Internal Recharge | -222,030 | -222,030 | -222,030 |
| Total Income | -15,629,631 | -16,079,252 | -16,166,333 |
| Total | 15,348,500 | 15,293,342 | 15,578,779 |



Adult Education – Head of Libraries, Information and Adult Education, Jennifer Holland

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 4,727,945 | 4,780,927 | 4,834,455 |
| Premises | 685,180 | 700,834 | 717,038 |
| Transport | 80,025 | 80,549 | 81,090 |
| Supplies & Services | 775,035 | 775,415 | 775,817 |
| Agency and Contract Services | 595,800 | 610,302 | 625,095 |
| Transfer Payments | | | |
| Support Services | 49,100 | 49,679 | 50,263 |
| Departmental Recharge | 213,920 | 214,270 | 214,631 |
| Internal Recharge | 35,480 | 35,480 | 35,480 |
| Capital Financing | 123,550 | 123,550 | 123,550 |
| Total Expenditure | 7,286,035 | 7,371,006 | 7,457,419 |
| Government Grants | -6,033,400 | -6,033,400 | -6,033,400 |
| Other Grants, Reimburs & Contrib. | -12,000 | -15,169 | -18,370 |
| Customer & Client Receipts | -899,450 | -913,791 | -928,418 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -173,205 | -173,205 | -173,205 |
| Internal Recharge | -31,055 | -31,055 | -31,055 |
| Total Income | -7,149,110 | -7,166,620 | -7,184,448 |
| Total | 136,925 | 204,386 | 272,971 |

The service delivers:-

Vocational qualifications to young people aged 16-18 and to adults in order to improve their employability skills and support them into employment

Skills development, training and vocational qualifications to employers to support the economy in Norfolk

Opportunities for learning throughout life through cultural activities to support the wellbeing and personal development of people in Norfolk

A wide range of learning programmes which aim to engage people who are disengaged, in particular local communities and groups of vulnerable people, so as to develop community-based support and activities and improve community engagement

Library Service – Head of Libraries, Information and Adult Education, Jennifer Holland

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 6,147,945 | 6,217,200 | 6,287,193 |
| Premises | 2,098,270 | 2,143,011 | 2,189,361 |
| Transport | 150,635 | 152,234 | 153,866 |
| Supplies & Services | 2,771,675 | 2,827,400 | 2,884,254 |
| Agency and Contract Services | 14,920 | 15,063 | 15,208 |
| Transfer Payments | | | |
| Support Services | 147,770 | 147,770 | 147,770 |
| Departmental Recharge | 195,270 | 199,092 | 202,998 |
| Internal Recharge | 139,550 | 139,550 | 139,550 |
| Capital Financing | 990,360 | 990,360 | 990,360 |
| Total Expenditure | 12,656,395 | 12,841,680 | 13,010,560 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -574,240 | -574,669 | -575,103 |
| Customer & Client Receipts | -1,678,150 | -1,706,890 | -1,736,205 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -13,895 | -13,895 | -13,895 |
| Internal Recharge | -143,975 | -143,975 | -143,975 |
| Total Income | -2,410,260 | -2,439,429 | -2,469,178 |
| Total | 10,246,135 | 10,392,251 | 10,541,382 |

Service provides a comprehensive and efficient Library Service to the people of Norfolk by supporting reading and learning and information for all, with the purpose of promoting literacy and an enjoyment of reading, providing information for life, encouraging lifelong learning, and supporting local communities

Arts (Recreation) & Grants – Steve Miller

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|----------------|----------------|----------------|
| Employee | 99,270 | 101,175 | 103,101 |
| Premises | | 0 | 0 |
| Transport | 25,000 | 25,031 | 25,063 |
| Supplies & Services | 368,644 | 370,797 | 343,000 |
| Agency and Contract Services | | 0 | 0 |
| Transfer Payments | | 0 | 0 |
| Support Services | 5,000 | 5,000 | 5,000 |
| Departmental Recharge | 750 | 821 | 894 |
| Internal Recharge | | 0 | 0 |
| Capital Financing | | 0 | 0 |
| Total Expenditure | 498,664 | 502,824 | 477,058 |
| Government Grants | | 0 | 0 |
| Other Grants, Reimburs & Contrib. | -30,000 | -30,000 | -30,000 |
| Customer & Client Receipts | | 0 | 0 |
| Interest rec'd | | 0 | 0 |
| Rev appropriate adjusts | | 0 | 0 |
| Recharges to other rev acc | | 0 | 0 |
| Departmental Recharge | | 0 | 0 |
| Internal Recharge | | 0 | 0 |
| Total Income | -30,000 | -30,000 | -30,000 |
| Total | 468,664 | 472,824 | 447,058 |

Leads the strategic development of the arts in Norfolk. The work of Service is shaped by the belief that the arts play a vital role in the social, educational, economic, health and environmental life of the County.

Norfolk Museums Service – Head, Steve Miller

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 4,290,082 | 4,333,480 | 4,377,329 |
| Premises | 1,095,040 | 1,118,238 | 1,142,668 |
| Transport | 48,720 | 48,931 | 49,148 |
| Supplies & Services | 1,982,298 | 2,011,598 | 2,041,580 |
| Agency and Contract Services | 3,600 | 3,600 | 3,600 |
| Transfer Payments | | 0 | 0 |
| Support Services | | 0 | 0 |
| Departmental Recharge | 40,710 | 41,088 | 41,480 |
| Internal Recharge | 47,001 | 47,001 | 47,001 |
| Capital Financing | 498,370 | 498,370 | 498,370 |
| Total Expenditure | 8,005,821 | 8,102,305 | 8,201,176 |
| Government Grants | -3,000 | -3,000 | -3,000 |
| Other Grants, Reimburs & Contrib. | -2,771,421 | -2,773,006 | -2,774,605 |
| Customer & Client Receipts | -1,918,880 | -2,296,665 | -2,320,926 |
| Interest rec'd | | 0 | 0 |
| Rev appropriate adjusts | | 0 | 0 |
| Recharges to other rev acc | | 0 | 0 |
| Departmental Recharge | | 0 | 0 |
| Internal Recharge | -47,000 | -47,000 | -47,000 |
| Total Income | -4,740,301 | -5,119,671 | -5,145,531 |
| Total | 3,265,520 | 2,982,634 | 3,055,645 |

NMAS comprises museums, collections study centres and a landscape archaeology division preserving objects and information relating to the history of Norfolk and beyond in order to provide education, inspiration and enjoyment for Norfolk people and visitors from further afield. The service has eleven registered museums, two collections study centres and a countywide museum education service.

Norfolk Records Office – County Archivist, Gary Tuson

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 728,040 | 736,071 | 744,183 |
| Premises | 3,520 | 3,570 | 3,621 |
| Transport | 3,820 | 3,837 | 3,854 |
| Supplies & Services | 102,056 | 104,704 | 107,411 |
| Agency and Contract Services | 1,020 | 1,020 | 1,020 |
| Transfer Payments | | 0 | 0 |
| Support Services | | 0 | 0 |
| Departmental Recharge | 481,720 | 491,826 | 502,135 |
| Internal Recharge | | 0 | 0 |
| Capital Financing | 95,730 | 95,730 | 95,730 |
| Total Expenditure | 1,415,906 | 1,436,759 | 1,457,953 |
| Government Grants | | 0 | 0 |
| Other Grants, Reimburs & Contrib. | -75,630 | -75,650 | -75,671 |
| Customer & Client Receipts | -119,220 | -140,419 | -151,642 |
| Interest rec'd | | 0 | 0 |
| Rev appropriate adjusts | | 0 | 0 |
| Recharges to other rev acc | | 0 | 0 |
| Departmental Recharge | | 0 | 0 |
| Internal Recharge | | 0 | 0 |
| Total Income | -194,850 | -216,069 | -227,313 |
| Total | 1,221,056 | 1,220,689 | 1,230,641 |

The Norfolk Record Office collects and preserves records of historical significance for the county of Norfolk and makes them accessible to as wide a range of people as possible.

Active Norfolk – Head of Service for Active Norfolk, Ben Jones

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|-------------------|-------------------|
| Employee | 554,210 | 559,800 | 565,447 |
| Premises | 28,760 | 29,347 | 29,945 |
| Transport | 31,610 | 31,683 | 31,758 |
| Supplies & Services | 487,250 | 493,192 | 499,257 |
| Agency and Contract Services | | 0 | 0 |
| Transfer Payments | | 0 | 0 |
| Support Services | | 0 | 0 |
| Departmental Recharge | 13,480 | 13,999 | 14,539 |
| Internal Recharge | | 0 | 0 |
| Capital Financing | | 0 | 0 |
| Total Expenditure | 1,115,310 | 1,128,021 | 1,140,946 |
| Government Grants | | 0 | 0 |
| Other Grants, Reimburs & Contrib. | -989,760 | -989,760 | -989,760 |
| Customer & Client Receipts | -115,350 | -117,703 | -120,103 |
| Interest rec'd | | 0 | 0 |
| Rev appropriate adjusts | | 0 | 0 |
| Recharges to other rev acc | | 0 | 0 |
| Departmental Recharge | | 0 | 0 |
| Internal Recharge | | 0 | 0 |
| Total Income | 1,105,110 | -1,107,463 | -1,109,863 |
| Total | 10,200 | 20,558 | 31,082 |

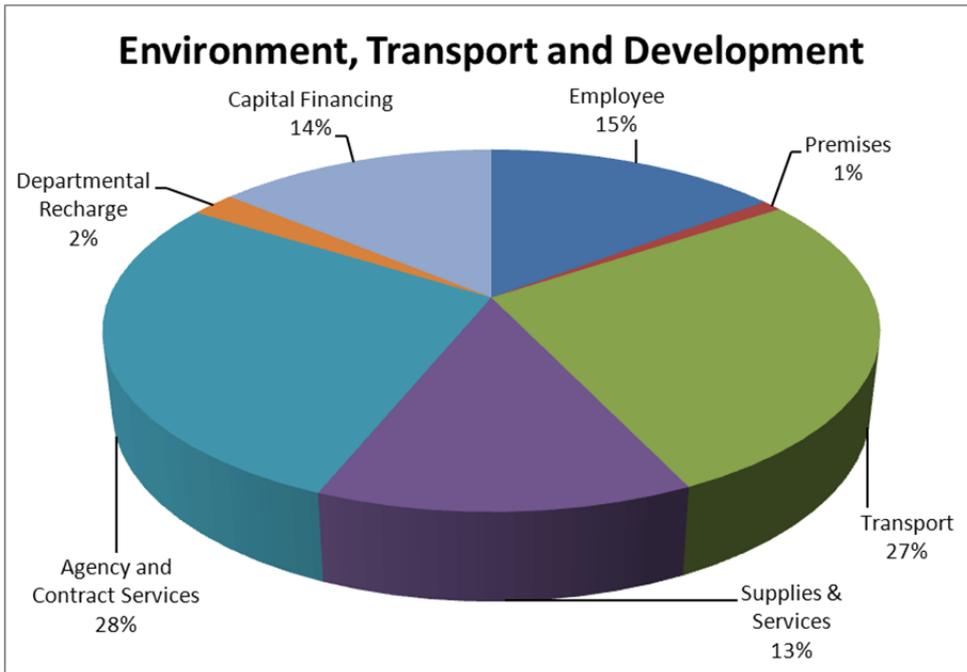
Active Norfolk is the strategic lead in Norfolk for the development of sport and physical activity with the aim of making Norfolk an active, healthy and successful sporting county.

| Budget Changes for 2014-17 | | | | |
|---|---|----------------|----------------|----------------|
| COMMUNITY SERVICES - CULTURAL SERVICES | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | Base Budget | 16.980 | 15.326 | 15.271 |
| | ADDITIONAL COSTS | | | |
| | Inflation | | | |
| | Basic Inflation – Pay (1% for 14-17) | 0.176 | 0.178 | 0.180 |
| | Basic Inflation – Prices | 0.136 | 0.141 | 0.145 |
| | NCC Policy | | | |
| | Norfolk Sports and Cultural Foundation | 0.030 | | -0.030 |
| | Total additional costs | 0.342 | 0.319 | 0.295 |
| | | | | |
| Ref | BUDGET SAVINGS | | | |
| 8 | Restructuring – Museums | -0.140 | | |
| 8 | Restructuring Record Office | -0.070 | | |
| 8 | Energy savings in Record Office | -0.020 | | |
| 8 | Administrative efficiencies in Adult Education | -0.010 | | |
| 9 | Administrative efficiencies | -0.104 | | |
| 9 | Reducing controllable spend in Community Services | -0.058 | | |
| 16 | Renegotiating Joint Museums funding | -0.050 | | |
| 20 | Museums - Gift Aid and Cultural Exemptions | -0.200 | -0.354 | |
| 20 | Museums - Income generation and external funding | -0.101 | | |
| 20 | Norfolk Record Office - Increased income generation | -0.030 | -0.020 | -0.010 |
| 20 | Develop community and commercial links - records office | -0.030 | | |
| 38 | Reduce spend on library books and other materials | -0.350 | | |
| 39 | Reduce the number of library staff - managers | -0.050 | | |
| 39 | Reduce the number of library staff | -0.350 | | |
| 40 | Charge for some activities provided in libraries | -0.030 | | |
| 41 | Share library buildings with other organisations | -0.180 | | |
| 42 | Reduce how often mobile libraries call at some places | -0.109 | | |
| 43 | Reduce funding for the arts service, including arts grants | -0.110 | | |
| 44 | Close Norfolk Records Office on Saturday mornings | -0.012 | | |
| 45 | Stop or scale back the availability of music and play sets from the library | -0.010 | | |
| 46 | Send overdue item reminders electronically | -0.020 | | |
| | Total Savings | -2.034 | -0.374 | -0.010 |
| | COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| | Depreciation | 0.003 | | |
| | From Finance General: Termination of 3 mobile library leases | 0.024 | | |
| | Office Accommodation Depreciation | 0.010 | | |
| | From Resources: Information management | 0.001 | | |
| | Sub total Cost Neutral Adjustments | 0.038 | | |
| | | | | |
| | TOTAL | 15.326 | 15.271 | 15.556 |

Environment, Transport & Development – Interim Director, Tom McCabe

| | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------|--------------------|--------------------|--------------------|
| Public Protection | 2,932,340 | 2,620,906 | 2,621,717 |
| Travel & Transport | 16,495,190 | 15,883,713 | 15,590,164 |
| Highways | 46,698,770 | 48,006,193 | 48,222,603 |
| Environment & Waste | 39,580,600 | 39,592,319 | 39,630,457 |
| Economic Development & Strategy | 1,852,010 | 1,718,701 | 1,542,546 |
| ETD Business Support | 1,281,090 | 2,306,341 | 2,335,575 |
| | 108,840,000 | 110,128,173 | 109,943,062 |

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 24,969,590 | 24,974,403 | 25,269,649 |
| Premises | 1,704,390 | 1,737,589 | 1,771,848 |
| Transport | 46,682,550 | 46,289,581 | 46,171,070 |
| Supplies & Services | 22,567,700 | 23,674,922 | 23,648,551 |
| Agency and Contract Services | 47,492,500 | 49,089,121 | 49,879,594 |
| Transfer Payments | 0 | -167,000 | -167,000 |
| Support Services | 0 | 0 | 0 |
| Departmental Recharge | 3,764,690 | 3,786,112 | 3,808,103 |
| Internal Recharge | 17,353,340 | 17,353,340 | 17,353,340 |
| Capital Financing | 23,690,080 | 23,690,080 | 23,690,080 |
| Total Expenditure | 188,224,840 | 190,428,148 | 191,425,237 |
| Government Grants | -3,839,590 | -4,089,590 | -4,089,590 |
| Other Grants, Reimburs & Contrib. | -5,769,820 | -5,802,849 | -5,836,518 |
| Customer & Client Receipts | -15,051,210 | -15,641,235 | -16,748,421 |
| Interest rec'd | -44,000 | -44,000 | -44,000 |
| Rev appropriate adjusts | -120,060 | -120,060 | -120,060 |
| Recharges to other rev acc | 0 | -4,199 | -4,283 |
| Departmental Recharge | -37,206,820 | -37,244,703 | -37,282,965 |
| Internal Recharge | -17,353,340 | -17,353,340 | -17,353,340 |
| Total Income | -79,384,840 | -80,299,975 | -81,479,176 |
| Total | 108,840,000 | 110,128,172 | 109,946,061 |



Public Protection – Assistant Director, David Collinson

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 3,310,790 | 3,057,363 | 3,091,285 |
| Premises | 5,600 | 5,714 | 5,831 |
| Transport | 45,890 | 46,115 | 46,345 |
| Supplies & Services | 360,380 | 326,699 | 328,164 |
| Agency and Contract Services | 37,370 | 37,370 | 37,370 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 32,180 | 33,465 | 34,802 |
| Internal Recharge | | | |
| Capital Financing | | | |
| Total Expenditure | 3,792,210 | 3,506,726 | 3,543,797 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -93,430 | -94,328 | -95,234 |
| Customer & Client Receipts | -766,440 | -791,493 | -826,846 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -859,870 | -885,820 | -922,080 |
| Total | 2,932,340 | 2,620,906 | 2,621,717 |

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------|------------------|------------------|------------------|
| Admin | 232,600 | 234,423 | 236,276 |
| Trading Standards | 1,942,500 | 1,711,529 | 1,710,772 |
| Planning Services | 451,550 | 406,311 | 403,043 |
| Corporate Resilience | 305,690 | 268,643 | 271,262 |
| | 2,932,340 | 2,620,906 | 2,621,717 |

Travel and Transport – Assistant Director Travel and Transport Services, Tracy Jessop

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 1,790,780 | 1,812,061 | 1,833,555 |
| Premises | 237,000 | 243,305 | 249,887 |
| Transport | 43,979,730 | 43,766,476 | 43,674,589 |
| Supplies & Services | 1,196,520 | 1,111,623 | 992,050 |
| Agency and Contract Services | 5,695,310 | 5,922,282 | 6,158,333 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 2,850,100 | 2,851,377 | 2,852,705 |
| Internal Recharge | 168,720 | 168,720 | 168,720 |
| Capital Financing | | | |
| Total Expenditure | 55,918,160 | 55,875,844 | 55,929,839 |
| Government Grants | | -250,000 | -250,000 |
| Other Grants, Reimburs & Contrib. | -28,000 | -30,197 | -32,437 |
| Customer & Client Receipts | -6,661,760 | -6,978,725 | -7,324,028 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -32,733,210 | -32,733,210 | -32,733,210 |
| Internal Recharge | | | |
| Total Income | -39,422,970 | -39,992,131 | -40,339,676 |
| Total | 16,495,190 | 15,883,713 | 15,590,164 |

| | 2014-15 | 2015-16 | 2016-17 |
|--------------------------|-------------------|-------------------|-------------------|
| Admin | 13,156,950 | 13,454,066 | 13,757,880 |
| Client Services | 19,150 | -40,499 | -60,138 |
| Commissioned Transport | 0 | 0 | 0 |
| Community Transport Fund | 446,310 | 21,734 | -327,825 |
| Developer Services | -416,890 | -601,138 | -812,565 |
| Public Transport | 2,729,890 | 2,829,325 | 2,936,840 |
| Travel Network | 559,780 | 220,224 | 95,972 |
| | 16,495,190 | 15,883,713 | 15,590,164 |

Highways – Tom McCabe

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 14,630,920 | 14,789,579 | 14,950,192 |
| Premises | 589,790 | 601,293 | 613,173 |
| Transport | 2,532,530 | 2,385,502 | 2,388,537 |
| Supplies & Services | 18,488,930 | 18,839,274 | 18,998,067 |
| Agency and Contract Services | 5,863,540 | 7,022,540 | 7,181,540 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 102,290 | 105,712 | 109,272 |
| Internal Recharge | 17,153,380 | 17,153,380 | 17,153,380 |
| Capital Financing | 23,149,100 | 23,149,100 | 23,149,100 |
| Total Expenditure | 82,510,480 | 84,046,381 | 84,543,261 |
| Government Grants | -3,206,920 | -3,206,920 | -3,206,920 |
| Other Grants, Reimburs & Contrib. | -4,583,250 | -4,611,259 | -4,639,828 |
| Customer & Client Receipts | -6,140,670 | -6,299,057 | -6,509,613 |
| Interest rec'd | -44,000 | -44,000 | -44,000 |
| Rev appropriate adjusts | -120,060 | -120,060 | -120,060 |
| Recharges to other rev acc | | -4,199 | -8,482 |
| Departmental Recharge | -4,403,470 | -4,441,353 | -4,479,615 |
| Internal Recharge | -17,313,340 | -17,313,340 | -17,313,340 |
| Total Income | -35,811,710 | -36,040,188 | -36,321,858 |
| Total | 46,698,770 | 48,006,193 | 48,221,404 |

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------|-------------------|-------------------|-------------------|
| Group Management | 110,330 | 60,474 | -39,381 |
| Highways Maintenance | 21,749,310 | 23,131,987 | 23,519,995 |
| Highways Networks | 1,745,870 | 1,770,187 | 1,594,934 |
| Highways Projects | 100,640 | 106,220 | 111,935 |
| Highway Works | -894,000 | -948,651 | -851,505 |
| Major Projects | 349,340 | 360,128 | 371,242 |
| Transport Programme | 23,537,280 | 23,525,849 | 23,514,184 |
| | 46,698,770 | 48,006,193 | 48,221,404 |

Environment & Waste – Assistant Director, Mark Allen

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 3,426,270 | 3,459,860 | 3,493,805 |
| Premises | 838,830 | 853,581 | 868,725 |
| Transport | 100,190 | 100,966 | 101,759 |
| Supplies & Services | 1,350,430 | 1,360,098 | 1,369,992 |
| Agency and Contract Services | 35,850,100 | 36,060,749 | 36,456,172 |
| Transfer Payments | | -167,000 | -167,000 |
| Support Services | | | |
| Departmental Recharge | 20,780 | 21,611 | 22,476 |
| Internal Recharge | 31,240 | 31,240 | 31,240 |
| Capital Financing | 338,050 | 338,050 | 338,050 |
| Total Expenditure | 41,955,890 | 42,059,155 | 42,515,218 |
| Government Grants | -432,670 | -432,670 | -432,670 |
| Other Grants, Reimburs & Contrib. | -850,140 | -852,065 | -854,018 |
| Customer & Client Receipts | -1,022,340 | -1,111,960 | -1,527,933 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -70,140 | -70,140 | -70,140 |
| Internal Recharge | | | |
| Total Income | -2,375,290 | -2,466,836 | -2,884,761 |
| Total | 39,580,600 | 39,592,319 | 39,630,457 |

| | 2014-15 | 2015-16 | 2016-17 |
|---|-------------------|-------------------|-------------------|
| Assistant Director | 120,840 | 122,212 | 123,602 |
| Climate Change & Flood Water Management | 634,560 | 644,072 | 653,717 |
| Environment | 1,051,570 | 1,020,951 | 959,473 |
| Historic Environment Service | 653,030 | 634,332 | 595,801 |
| Residual Waste Services | 22,271,250 | 22,267,501 | 22,263,936 |
| Strategic Waste | 14,849,350 | 14,903,250 | 15,033,928 |
| | 39,580,600 | 39,592,319 | 39,630,457 |

Economic Development & Strategy – Assistant Director, Fiona McDiarmid

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 1,274,020 | 1,286,851 | 1,299,814 |
| Premises | | | |
| Transport | 24,210 | 24,521 | 24,839 |
| Supplies & Services | 597,630 | 451,009 | 361,396 |
| Agency and Contract Services | 13,180 | 13,180 | 13,180 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 1,860 | 2,030 | 2,206 |
| Internal Recharge | | | |
| Capital Financing | 141,110 | 141,110 | 141,110 |
| Total Expenditure | 2,052,010 | 1,918,701 | 1,842,546 |
| Government Grants | -200,000 | -200,000 | -200,000 |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | | | -100,000 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -200,000 | -200,000 | -300,000 |
| Total | 1,852,010 | 1,718,701 | 1,542,546 |

| | 2014-15 | 2015-16 | 2016-17 |
|--------------------------------|------------------|------------------|------------------|
| Economic Development Corporate | 1,426,980 | 1,440,671 | 1,354,516 |
| Strategic Ambitions Project | 425,030 | 278,030 | 188,030 |
| | 1,852,010 | 1,718,701 | 1,542,546 |

Business Development and Support – Lead HR Business Partner, Amanda Gray

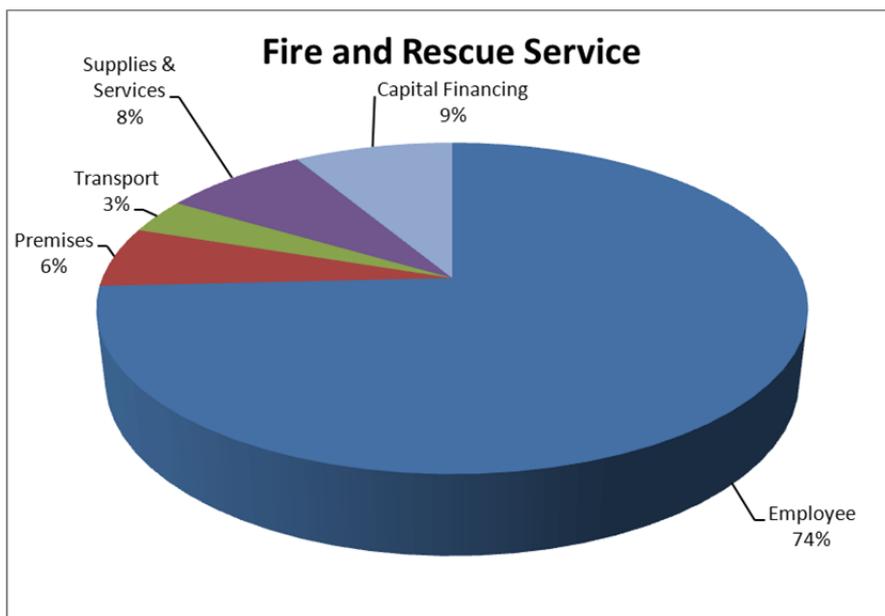
| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 536,810 | 568,689 | 600,997 |
| Premises | 33,170 | 33,696 | 34,233 |
| Transport | | -34,000 | -65,000 |
| Supplies & Services | 573,810 | 1,586,220 | 1,598,883 |
| Agency and Contract Services | 33,000 | 33,000 | 33,000 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 757,480 | 771,916 | 786,643 |
| Internal Recharge | | | |
| Capital Financing | 61,820 | 61,820 | 61,820 |
| Total Expenditure | 1,996,090 | 3,021,341 | 3,050,575 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -215,000 | -215,000 | -215,000 |
| Customer & Client Receipts | -460,000 | -460,000 | -460,000 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -40,000 | -40,000 | -40,000 |
| Total Income | -715,000 | -715,000 | -715,000 |
| Total | 1,281,090 | 2,306,341 | 2,335,575 |

| Budget Changes for 2014-17 | | | | |
|---|---|----------------|----------------|----------------|
| ENVIRONMENT, TRANSPORT & DEVELOPMENT | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | BASE BUDGET | 116.609 | 108.467 | 109.755 |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.284 | 0.287 | 0.290 |
| | Basic Inflation - Prices | 1.170 | 1.209 | 1.249 |
| | Additional Costs for Concessionary Fares travel Scheme | 0.900 | | |
| | Government / Legislative requirements | | | |
| | Landfill Tax Increase | 1.656 | | |
| | Demand | | | |
| | Increase in Tonnages to Landfill | 0.725 | | |
| | NCC Policy | | | |
| | Release of fleet repair and renewal reserve | 1.725 | | |
| | Release of part of ICT reserve | 0.200 | | |
| | Re-opening Norwich Bus Station Sundays and bank holidays | 0.020 | | |
| | Total Additional Costs | 6.680 | 1.496 | 1.539 |
| Ref | BUDGET SAVINGS | | | |
| 2 | Replacement of BusNet system with SMART ticket machines | -0.060 | -0.100 | |
| 2 | Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys | | | -0.135 |
| 3 | Procurement of new contracts to deliver highway and related services | -4.400 | | |
| 4 | Reduction in the number of hired highway vehicles | -0.150 | -0.150 | |
| 4 | Reducing the costs of business travel | -0.038 | -0.034 | -0.031 |
| 7 | Ongoing review of ETD reserves | -0.150 | | |
| 8 | Re-organise the way we deliver some services and associated back office redesign. | -0.150 | | |
| 8 | Organisational redesign and associated changes. | -1.100 | | |
| 8 | Review budget allocations for economic development projects | | -0.147 | -0.090 |
| 13 | HRWC: Invest to Save | -0.300 | | |
| 16 | Collaboration with peer authorities for delivery of specialist minerals and waste services | | | -0.005 |
| 16 | Enhanced multi-agency working on emergency planning | | -0.040 | |

| | | | | |
|----|--|----------------|----------------|----------------|
| 17 | Renegotiate concessionary travel schemes with bus operators | -0.350 | -0.350 | -0.350 |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| 20 | Changes to the delivery of road safety education and evaluation to make greater use of community resources | | | -0.200 |
| 20 | Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term. | -0.010 | -0.041 | -0.072 |
| 20 | Attract and generate new income for Historic Environment services with a view to service becoming cost neutral in the long term. | -0.007 | -0.026 | -0.046 |
| 20 | Full cost recovery for staff in Smart ticketing project | -0.040 | -0.250 | |
| 20 | Full cost recovery for delivery of travel plans with developers | -0.048 | -0.050 | -0.052 |
| 20 | Reduce NCC subsidy for park and ride service by ongoing commercialisation. | -0.275 | -0.075 | -0.075 |
| 20 | Enhanced Street Works Regulatory regime (introduce cost recovery) | -0.400 | | |
| 20 | Increased income from delivery of specialist highway services to 3rd parties | | -0.050 | -0.100 |
| 20 | Generation of external funding and grant programme management efficiencies | | | -0.100 |
| 20 | Review of fees and charges to enable full cost recovery | -0.400 | | |
| | Improving processes and working arrangements in ETD | -3.000 | 1.000 | |
| 20 | Review NCC technical capabilities to see whether services that are currently contracted out could be delivered in house | -0.050 | | |
| 47 | Scale back Trading Standards advice to focus on the things we have to do by law | -0.123 | -0.250 | |
| 48 | Charge for advice to business from our Trading Standards Service | | | -0.020 |
| 49 | Charge people for the advice they receive from us prior to submitting a planning application | -0.013 | -0.010 | |
| 49 | Charge people for the advice they receive from us prior to submitting a planning application - pre-application services | -0.100 | -0.125 | -0.150 |
| 50 | Reduce our costs of consulting on planning applications | -0.037 | | |
| 51 | Scale back planning enforcement | | -0.037 | |
| 52 | Charge for site inspection reports for operators of mineral and waste sites | | -0.005 | |
| 53 | Reduce our subsidy for the Coasthopper bus service | -0.075 | -0.075 | |
| 54 | Reduce highway maintenance for one year | -1.000 | 1.000 | |
| 59 | Cut the cost of providing school transport | -0.250 | -0.060 | -0.020 |
| 60 | Charge for the disposal of tyres at recycling centres | -0.039 | | |
| 61 | Stop routine disposal of paint at recycling centres | -0.300 | | |
| 62 | Charge at some recycling centres | | | -0.280 |
| 63 | Reduce opening hours at some recycling centres | | -0.167 | |
| 5 | Recycle street sweepings | -0.230 | | |

Fire and Rescue Service – Chief Fire Officer, Nigel Williams

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 22,163,175 | 22,421,272 | 22,682,606 |
| Premises | 1,765,092 | 1,800,697 | 1,737,759 |
| Transport | 1,013,020 | 1,020,839 | 1,028,814 |
| Supplies & Services | 2,353,179 | 2,410,026 | 2,465,465 |
| Agency and Contract Services | 5,720 | 5,720 | 5,720 |
| Transfer Payments | | | |
| Support Services | 500 | 500 | 500 |
| Departmental Recharge | | | |
| Internal Recharge | 55,465 | 55,465 | 55,465 |
| Capital Financing | 2,559,600 | 2,485,600 | 2,258,600 |
| Total Expenditure | 29,915,751 | 30,200,118 | 30,234,930 |
| Government Grants | -1,106,329 | -1,109,329 | -1,109,329 |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | -949,957 | -964,682 | -979,701 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | -55,465 | -55,465 | -55,465 |
| Total Income | -2,111,751 | -2,129,476 | -2,144,495 |
| Total | 27,804,000 | 28,070,643 | 28,090,435 |

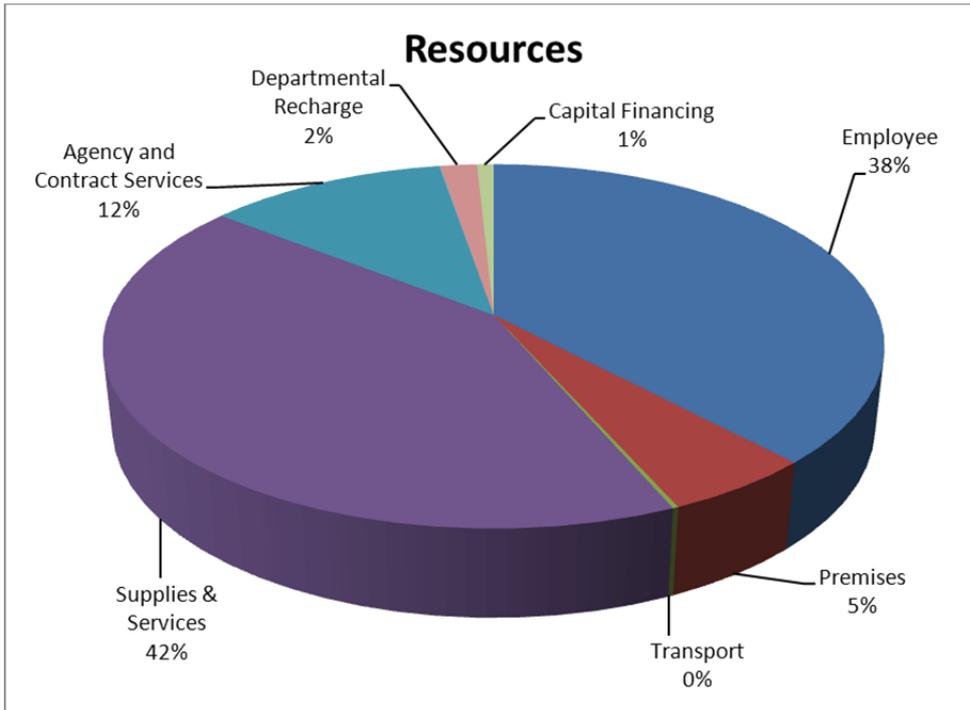


| Budget Changes for 2014-17 | | | | |
|-----------------------------------|---|----------------|----------------|----------------|
| FIRE AND RESCUE SERVICE | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | BASE BUDGET | 29.556 | 27.804 | 28.070 |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.231 | 0.248 | 0.251 |
| | Basic Inflation - Prices | 0.089 | 0.092 | 0.096 |
| | Fire revenue grant | 0.015 | 0.003 | |
| | Total Additional Costs | 0.335 | 0.343 | 0.347 |
| | | | | |
| Ref | BUDGET SAVINGS | | | |
| 4 | Priority based budgeting - Fleet maintenance and fuel costs | -0.097 | | |
| 4 | Priority based budgeting - review of spend on operational equipment and supplies | -0.100 | | |
| 8 | Priority based budgeting - staffing review | -0.100 | | |
| 8 | Current IRMP 2011-14 | -0.297 | | |
| 8 | Building Maintenance | -0.036 | | |
| 9 | Training and Development Efficiencies | -0.105 | | |
| 16 | Contribution to external services | -0.007 | | |
| 55 | Purchase different, cost effective fire vehicles for some stations | -0.724 | -0.074 | -0.227 |
| 56 | Stop supplying and fitting free smoke detectors | -0.080 | | |
| | Priority based budgeting – reducing personnel and staffing costs | -0.102 | | |
| | Reduced cost of ICT refresh | | | -0.100 |
| | PV Feed-in tariff | -0.043 | | |
| | New budget saving proposal | -0.079 | | |
| | Total Savings | -1.770 | -0.074 | -0.327 |
| | | | | |
| | COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| | Depreciation | -0.321 | | |
| | Debt Management Expenses | -0.001 | | |
| | From Finance General: Fire Lease | 0.018 | | |
| | From Resources: Information management | 0.002 | | |
| | Sub total Cost Neutral Adjustments | -0.302 | 0.000 | 0.000 |
| | | | | |
| | BASE ADJUSTMENTS | | | |
| | Fire revenue grant | -0.015 | -0.003 | |
| | Sub total Base Adjustments | -0.015 | -0.003 | |
| | | | | |
| | TOTAL | 27.804 | 28.070 | 28.090 |

Resources

| | 2014-15 | 2015-16 | 2016-17 |
|------------------------------------|-------------------|-------------------|-------------------|
| Human Resources | 5,115,851 | 4,586,305 | 4,278,433 |
| Policy, Performance & Partnerships | 2,042,650 | 1,847,743 | 1,755,100 |
| Democratic Services | 2,754,174 | 2,516,025 | 2,510,732 |
| Legal Services | -401,759 | -539,077 | -594,469 |
| Chief Executive's Office | 376,491 | 380,913 | 385,392 |
| Customer Services & Communications | 6,705,128 | 6,783,531 | 6,753,892 |
| ICT | 27,393,816 | 27,442,117 | 27,654,924 |
| Procurement | 1,518,194 | 1,464,289 | 1,348,618 |
| Corporate Programme Office | 906,993 | 796,780 | 811,724 |
| Finance | 7,566,652 | 7,262,651 | 7,380,045 |
| Public Health | -1,200,820 | -807,717 | -1,614,461 |
| Property | 2,679,630 | 2,236,164 | 1,424,682 |
| Resources savings to be allocated | | -840,000 | -1,700,000 |
| | 55,457,000 | 53,129,724 | 50,394,612 |

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 46,634,314 | 45,289,790 | 45,128,882 |
| Premises | 6,559,762 | 6,151,293 | 5,441,747 |
| Transport | 242,591 | 227,237 | 212,922 |
| Supplies & Services | 51,607,521 | 49,236,904 | 48,716,929 |
| Agency and Contract Services | 14,309,865 | 14,333,101 | 14,356,802 |
| Transfer Payments | 3,180 | 3,180 | 3,180 |
| Support Services | 57,765 | 57,765 | 57,765 |
| Departmental Recharge | 2,192,868 | 2,223,669 | 2,255,136 |
| Internal Recharge | 42,150 | 42,150 | 42,150 |
| Capital Financing | 994,670 | 994,670 | 994,670 |
| Total Expenditure | 122,644,686 | 118,559,760 | 117,210,184 |
| Government Grants | -232,000 | -232,000 | -232,000 |
| Other Grants, Reimburs & Contrib. | -37,197,581 | -34,088,383 | -34,101,344 |
| Customer & Client Receipts | -15,054,047 | -15,447,140 | -15,838,896 |
| Interest rec'd | 0 | 0 | 0 |
| Rev appropriate adjusts | 0 | 0 | 0 |
| Recharges to other rev acc | -6,688,752 | -6,693,942 | -6,699,236 |
| Departmental Recharge | -7,956,266 | -8,069,530 | -8,185,056 |
| Internal Recharge | -59,040 | -59,040 | -59,040 |
| Total Income | -67,187,686 | -64,590,035 | -65,115,572 |
| Total | 55,457,000 | 53,969,725 | 52,094,612 |



Human Resources – Acting Head of HR, Audrey Sharp

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 8,123,882 | 7,672,948 | 7,429,932 |
| Premises | 12,221 | -2,550 | -2,316 |
| Transport | 29,416 | 28,579 | 27,745 |
| Supplies & Services | 186,691 | 189,206 | 191,775 |
| Agency and Contract Services | 74,476 | 74,476 | 74,476 |
| Transfer Payments | | | |
| Support Services | 165 | 165 | 165 |
| Departmental Recharge | 388,812 | 395,973 | 403,282 |
| Internal Recharge | | | |
| Capital Financing | 35,370 | 35,370 | 35,370 |
| Total Expenditure | 8,851,033 | 8,394,167 | 8,160,428 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -4,785 | -4,881 | -4,978 |
| Customer & Client Receipts | -3,703,315 | -3,775,899 | -3,849,935 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -27,082 | -27,082 | -27,082 |
| Internal Recharge | | | |
| Total Income | -3,735,182 | -3,807,862 | -3,881,995 |
| Total | 5,115,851 | 4,586,305 | 4,278,433 |

Service provides strategic advice and direction to the organisation on all aspects of organisational development and people management, shaping and facilitating organisational change and development

Policy, Performance & Partnerships –Debbie Bartlett

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 1,803,354 | 1,605,565 | 1,510,980 |
| Premises | 5,450 | 5,556 | 5,664 |
| Transport | 5,987 | 5,987 | 4,987 |
| Supplies & Services | 201,283 | 202,512 | 203,769 |
| Agency and Contract Services | 1,560 | 1,560 | 1,560 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 60,150 | 62,002 | 63,892 |
| Internal Recharge | | | |
| Capital Financing | 3,890 | 3,890 | 3,890 |
| Total Expenditure | 2,081,674 | 1,887,073 | 1,794,742 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | -15,300 | -15,606 | -15,918 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -23,724 | -23,724 | -23,724 |
| Internal Recharge | | | |
| Total Income | -39,024 | -39,330 | -39,642 |
| Total | 2,042,650 | 1,847,743 | 1,755,100 |

The service provides Councillors, Chief Officers and management teams with performance views and analysis as well as managing and co-ordinating relationships with external inspectorates

Democratic Services – Chris Walton

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 2,515,242 | 2,467,311 | 2,494,663 |
| Premises | 342,031 | 299,057 | 306,269 |
| Transport | 37,959 | 37,093 | 36,231 |
| Supplies & Services | 1,366,007 | 1,298,723 | 1,339,365 |
| Agency and Contract Services | 43,209 | 43,209 | 43,209 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 88,950 | 90,665 | 92,413 |
| Internal Recharge | | | |
| Capital Financing | 5,740 | 5,740 | 5,740 |
| Total Expenditure | 4,399,138 | 4,241,798 | 4,317,891 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -109,720 | -111,424 | -113,163 |
| Customer & Client Receipts | -1,535,244 | -1,614,349 | -1,693,995 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -1,644,964 | -1,725,773 | -1,807,158 |
| Total | 2,754,174 | 2,516,025 | 2,510,732 |

The service is responsible for the civic functions of the local authority and regulatory functions, including the management of the Registration Service and Coroners Service. It is also responsible for member learning and support, the development of modern local democratic processes and for ensuring the effective operation of the executive and scrutiny processes. The service provides support to the County Council's main decision-making meetings as well as Joint Committees, Working/Policy Groups, Boards and other key County Council meetings.

Nplaw – Victoria McNeill

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 3,400,431 | 3,326,116 | 3,326,807 |
| Premises | 2,770 | 2,770 | 2,770 |
| Transport | 20,180 | 19,180 | 18,180 |
| Supplies & Services | 496,310 | 496,310 | 496,310 |
| Agency and Contract Services | 49,960 | 49,960 | 49,960 |
| Transfer Payments | 330 | 330 | 330 |
| Support Services | 48,600 | 48,600 | 48,600 |
| Departmental Recharge | 207,790 | 207,982 | 208,178 |
| Internal Recharge | | | |
| Capital Financing | 15,960 | 15,960 | 15,960 |
| Total Expenditure | 4,242,331 | 4,167,208 | 4,167,095 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | -276,620 | -334,620 | -385,620 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | -4,367,470 | -4,371,665 | -4,375,944 |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -4,644,090 | -4,706,285 | -4,761,564 |
| Total | -401,759 | -539,077 | -594,469 |

Nplaw (Norfolk Public Law) is a local authority shared legal service, hosted by the County Council and based at County Hall, providing a range of legal services to County, City, Borough and District authorities, and the Broads Authority, in Norfolk. Nplaw also provides legal services to a number of clients outside Norfolk.

Chief Executives Office – Acting Managing Director, Anne Gibson

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|----------------|----------------|----------------|
| Employee | 315,800 | 319,497 | 323,236 |
| Premises | 2,000 | 2,000 | 2,000 |
| Transport | 7,714 | 7,860 | 8,009 |
| Supplies & Services | 15,050 | 15,107 | 15,165 |
| Agency and Contract Services | 340 | 340 | 340 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 33,147 | 33,670 | 34,203 |
| Internal Recharge | | | |
| Capital Financing | 2,440 | 2,440 | 2,440 |
| Total Expenditure | 376,491 | 380,913 | 385,392 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | | | |
| Customer & Client Receipts | | | |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | 0 | 0 | 0 |
| Total | 376,491 | 380,913 | 385,392 |

Includes the budget for the Chief Executive, the Chief Executive's PA and support office costs.

Customer Services & Communications – Joanna Hannam

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 5,656,998 | 5,586,516 | 5,583,425 |
| Premises | 500 | 500 | 500 |
| Transport | 26,863 | 25,963 | 25,066 |
| Supplies & Services | 957,103 | 972,460 | 934,128 |
| Agency and Contract Services | 644,580 | 657,595 | 670,871 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 273,520 | 276,608 | 279,763 |
| Internal Recharge | | | |
| Capital Financing | 7,140 | 7,140 | 7,140 |
| Total Expenditure | 7,566,704 | 7,526,782 | 7,500,892 |
| Government Grants | -232,000 | -232,000 | -232,000 |
| Other Grants, Reimburs & Contrib. | -304,986 | -182,986 | -182,986 |
| Customer & Client Receipts | -159,360 | -163,035 | -166,784 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -165,230 | -165,230 | -165,230 |
| Internal Recharge | | | |
| Total Income | -861,576 | -743,251 | -747,000 |
| Total | 6,705,128 | 6,783,531 | 6,753,892 |

Service provides:–

Customer Services Centre / 'council@your' services / corporate website – these services can be contacted by anyone who needs signposting to or access to services. This can also include customer views on the services NCC provide

Complaints - any resident who wishes to complain about a service they have received from NCC

Post room - All NCC departments and Members, Norfolk people

Media and Public Affairs – Norfolk residents, businesses, partners, other public agencies, government, MPs, media (local and national and wider as necessary), Members

Marketing and campaigns – Norfolk residents, specific customer groups and target audiences inside and outside Norfolk, NCC departments, Cabinet

Corporate communications – NCC staff

Consultation and Community Relations – third sector and public service partners, other local councils, including Town and Parish Councils, vulnerable groups and organisations, service users, Norfolk residents, NCC service departments

ICT – Tom Baker

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|-------------------|-------------------|
| Employee | 7,350,180 | 7,288,787 | 7,388,398 |
| Premises | | 20 | 21 |
| Transport | | -6,875 | -12,747 |
| Supplies & Services | 16,579,810 | 13,837,915 | 14,101,278 |
| Agency and Contract Services | 13,394,250 | 13,394,250 | 13,394,250 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 257,330 | 262,841 | 268,465 |
| Internal Recharge | | | |
| Capital Financing | 482,090 | 482,090 | 482,090 |
| Total Expenditure | 38,063,660 | 35,259,028 | 35,621,755 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -5,290,618 | -2,299,554 | -2,308,580 |
| Customer & Client Receipts | -5,379,226 | -5,517,357 | -5,658,251 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -10,669,844 | -7,816,912 | -7,966,831 |
| Total | 27,393,816 | 27,442,117 | 27,654,924 |

Service provides overall ICT strategy, planning and operational ICT services for Norfolk County Council including desktop, server, network and application support.

Procurement – Al Collier

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 1,471,714 | 1,407,022 | 1,289,483 |
| Premises | 1,240 | 1,399 | 1,561 |
| Transport | 1,618 | -1,308 | -3,233 |
| Supplies & Services | 114,148 | 126,818 | 129,543 |
| Agency and Contract Services | 520 | 520 | 520 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 42,930 | 43,815 | 44,720 |
| Internal Recharge | | | |
| Capital Financing | 2,440 | 2,440 | 2,440 |
| Total Expenditure | 1,634,610 | 1,580,705 | 1,465,034 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -53,826 | -53,826 | -53,826 |
| Customer & Client Receipts | -8,550 | -8,550 | -8,550 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -54,040 | -54,040 | -54,040 |
| Internal Recharge | | | |
| Total Income | -116,416 | -116,416 | -116,416 |
| Total | 1,518,194 | 1,464,289 | 1,348,618 |

The service provides strategic and market advice to services and service leaders and works collaboratively to create effective and efficient procurement solutions across the authority.

Corporate Programme Office – Pippa Bestwick

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|------------------|------------------|------------------|
| Employee | 1,341,548 | 1,230,760 | 1,245,116 |
| Premises | | | |
| Transport | | | |
| Supplies & Services | 41,185 | 41,185 | 41,185 |
| Agency and Contract Services | | | |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 28,780 | 29,356 | 29,943 |
| Internal Recharge | | | |
| Capital Financing | 4,110 | 4,110 | 4,110 |
| Total Expenditure | 1,415,623 | 1,305,410 | 1,320,354 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -508,630 | -508,630 | -508,630 |
| Customer & Client Receipts | | | |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | | | |
| Internal Recharge | | | |
| Total Income | -508,630 | -508,630 | -508,630 |
| Total | 906,993 | 796,780 | 811,724 |

The corporate programme office provides challenge, advice and support to NCC in the delivery of its programme of change; helping the organisation to effectively align strategic ambitions to the successful delivery of a portfolio of work that achieves planned benefits and outcomes to budget and to time.

Finance – Interim Head of Finance, Peter Timmins

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 11,225,124 | 10,919,226 | 11,034,522 |
| Premises | 147,680 | 151,142 | 154,701 |
| Transport | 91,784 | 89,328 | 86,885 |
| Supplies & Services | 1,344,643 | 1,368,518 | 1,392,927 |
| Agency and Contract Services | 5,590 | 5,590 | 5,590 |
| Transfer Payments | | | |
| Support Services | 9,000 | 9,000 | 9,000 |
| Departmental Recharge | 512,545 | 519,053 | 525,701 |
| Internal Recharge | 42,150 | 42,150 | 42,150 |
| Capital Financing | 34,250 | 34,250 | 34,250 |
| Total Expenditure | 13,412,766 | 13,138,258 | 13,285,725 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -274,936 | -276,831 | -278,758 |
| Customer & Client Receipts | -1,345,050 | -1,371,323 | -1,398,121 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | -2,321,282 | -2,322,277 | -2,323,292 |
| Departmental Recharge | -1,845,806 | -1,846,136 | -1,846,469 |
| Internal Recharge | -59,040 | -59,040 | -59,040 |
| Total Income | -5,846,114 | -5,875,607 | -5,905,680 |
| Total | 7,566,652 | 7,262,651 | 7,380,045 |

Service functions are:-

Norfolk Audit Services

Budgeting and Financial Management (Corporate Accounting Team, Financial Projects and Planning Team and the Budgeting and Accounting Team)

Finance Exchequer Services (Order to Income; Purchase to Payment, Financial Systems Team; Exchequer Services; Risk Management and Insurance Services and Free Nursing Care)

Norfolk Pensions and Investment and Banking

Finance Business Partners for Community Services, Environment, Transport and Development, Fire and Rescue Service and Children's Services

Public Health – Interim Director of Public Health, Lucy Macleod

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Employee | 3,356,631 | 3,391,879 | 3,427,391 |
| Premises | | | |
| Transport | 20,000 | 20,359 | 20,727 |
| Supplies & Services | 26,289,861 | 26,637,989 | 25,785,782 |
| Agency and Contract Services | 31,500 | 41,721 | 52,146 |
| Transfer Payments | | | |
| Support Services | | | |
| Departmental Recharge | 278,834 | 281,624 | 284,495 |
| Internal Recharge | | | |
| Capital Financing | 4,180 | 4,180 | 4,180 |
| Total Expenditure | 29,981,006 | 30,377,751 | 29,574,721 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -30,633,000 | -30,633,000 | -30,633,000 |
| Customer & Client Receipts | -485,062 | -488,704 | -492,418 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -63,764 | -63,764 | -63,764 |
| Internal Recharge | | | |
| Total Income | -31,181,826 | -31,185,468 | -31,189,182 |
| Total | -1,200,820 | -807,717 | -1,614,461 |

Services include – health improvement, public health information and intelligence, and health protection and clinical assurance.

Property – Interim Head of Finance, Peter Timmins

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Employee | 73,410 | 74,166 | 74,930 |
| Premises | 6,045,870 | 5,691,398 | 4,970,579 |
| Transport | 1,070 | 1,071 | 1,072 |
| Supplies & Services | 4,015,430 | 4,050,161 | 4,085,703 |
| Agency and Contract Services | 63,880 | 63,880 | 63,880 |
| Transfer Payments | 2,850 | 2,850 | 2,850 |
| Support Services | | | |
| Departmental Recharge | 20,080 | 20,080 | 20,080 |
| Internal Recharge | | | |
| Capital Financing | 397,060 | 397,060 | 397,060 |
| Total Expenditure | 10,619,650 | 10,300,667 | 9,616,155 |
| Government Grants | | | |
| Other Grants, Reimburs & Contrib. | -17,080 | -17,251 | -17,423 |
| Customer & Client Receipts | -2,146,320 | -2,157,697 | -2,169,302 |
| Interest rec'd | | | |
| Rev appropriate adjusts | | | |
| Recharges to other rev acc | | | |
| Departmental Recharge | -5,776,620 | -5,889,554 | -6,004,747 |
| Internal Recharge | | | |
| Total Income | -7,940,020 | -8,064,503 | -8,191,473 |
| Total | 2,679,630 | 2,236,164 | 1,424,682 |

Service includes property management, office accommodation and county farms

| Budget Changes for 2014-17 | | | | |
|-----------------------------------|--|----------------|----------------|----------------|
| RESOURCES | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | BASE BUDGET | 48.933 | 55.457 | 53.130 |
| | | | | |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.424 | 0.437 | 0.441 |
| | Basic Inflation - Prices | 0.564 | 0.580 | 0.601 |
| | Government / Legislative requirements | | | |
| | Ringfencing of public health grant | 0.396 | | |
| | NCC Policy | | | |
| | Additional Political assistant | 0.038 | | |
| | Digital Norfolk Ambition (one-off) | 3.000 | -3.000 | |
| | Coroners funding capital | 0.107 | -0.107 | |
| | Total Additional Costs | 4.529 | -2.090 | 1.042 |
| | | | | |
| 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 |
| 1 | Mobile Data Management (Member Tablets) | -0.030 | | |
| 2 | Savings in ICT (one off) | -0.010 | 0.010 | |
| 2 | Replace current ICT systems, introducing cheaper solutions | -0.017 | | |
| 4 | Reducing the costs of business travel | -0.019 | -0.017 | -0.016 |
| 4 | Reducing the costs of employment | 0.000 | -0.440 | -0.860 |
| 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 | | |

| | | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|----|--|---------------|---------------|---------------|
| 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 | -1.800 | | |
| 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 | -0.1 |
| 8 | Office moves for some HR teams | -0.015 | -0.015 | |
| 8 | Consolidate support services into a reduced number of service groups | | -1.000 | |
| 8 | Commercial and industrial waste produced by NCC premises | -0.037 | | |
| 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 |
| 15 | Efficiency savings arising from public health skills and resources to remove duplication | -1.205 | | -1.275 |
| 20 | Increase charges for Registration Services | -0.080 | -0.050 | -0.05 |
| 20 | Increase income from services we sell to schools | -0.018 | | |
| 20 | Increase income from Nplaw | -0.298 | -0.058 | -0.051 |
| 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 | -6.741 | -2.958 | -3.022 |

| | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|---|---------------|---------------|---------------|
| Other savings proposals | | | |
| County Hall refurbishment savings | | -0.279 | -0.751 |
| Use of organisational change reserves (one-off) | -3.000 | 3.000 | |
| Other savings sub total | -3.000 | 2.721 | -0.751 |
| | | | |
| Total Savings | -9.741 | -0.237 | -3.773 |
| | | | |
| COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| Depreciation | -1.384 | | |
| REFCUS | 11.975 | | |
| Debt Management Expenses | -0.002 | | |
| From Community Services: Payments and Billing Team | 0.248 | | |
| To Community Services: Local Reform & Community Voices Grant: Independent Complaints Advocacy Service | -0.247 | | |
| Local Reform & Community Voices Grant: Independent Complaints Advocacy Service Grant Income | 0.247 | | |
| From Community Services: Social Care Centre of expertise | 2.265 | | |
| To Community Services – Transfer relating to Citizen Advice Bureau | -0.364 | | |
| Revision of recharges Interest on Balances to Resources from Finance General | 0.010 | | |
| Information Management | 0.004 | | |
| Information Management | -0.047 | | |
| Office Accommodation Depreciation | 0.010 | | |
| Office Accommodation Depreciation | -0.032 | | |
| Transfer of Carrow reception staff | 0.027 | | |
| To Communities: Shared Service budgets relating to the creation of Independence Matters | -0.139 | | |
| Sub total Cost Neutral Adjustments | 12.571 | | |
| | | | |
| BASE ADJUSTMENTS | | | |
| Increased public health grant | -0.835 | | |
| Sub total Base Adjustments | -0.835 | | |
| | | | |
| TOTAL | 55.457 | 55.130 | 50.399 |

Finance General – Interim Head of Finance, Peter Timmins

| | 2014-15 | 2015-16 | 2016-17 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Employee | 13,630,191 | 12,564,189 | 16,605,990 |
| Premises | | | |
| Transport | | | |
| Supplies & Services | 18,225,863 | 6,097,365 | 4,920,393 |
| Agency and Contract Services | 592,580 | 579,229 | 565,611 |
| Transfer Payments | | | |
| Support Services | 1,335,810 | 1,347,540 | 1,359,386 |
| Departmental Recharge | 314,091 | 314,091 | 314,091 |
| Internal Recharge | | | |
| Capital Financing | 55,202,310 | 58,887,310 | 58,062,310 |
| Total Expenditure | 89,300,845 | 79,789,723 | 81,827,781 |
| Government Grants | -326,719,170 | -290,108,170 | -265,923,170 |
| Other Grants, Reimburs & Contrib. | -4,297,280 | -1,301,559 | -1,305,924 |
| Customer & Client Receipts | -1,371,360 | -1,381,114 | -1,391,063 |
| Interest rec'd | -1,787,580 | -1,787,580 | -1,787,580 |
| Rev appropriate adjusts | -13,473,150 | -13,473,150 | -13,473,150 |
| Recharges to other rev acc | -51,105,680 | -51,105,680 | -51,105,680 |
| Departmental Recharge | -76,240 | -76,240 | -76,240 |
| Internal Recharge | | | |
| Total Income | -398,830,460 | -359,233,493 | -335,062,807 |
| Total | -309,529,615 | -279,443,770 | -253,235,026 |

A corporate budget, which includes council wide expenditure and income. Employee related costs include corporate pension payments, due to changes following the actuarial evaluation of the pension fund. Pension deficit recovery is identified as a cash sum and is budgeted for in Finance General. Other expenditure includes redundancy and pension payments arising from Organisational Review; grant payments; audit fees; member allowances and capital financing costs. Income includes general government grants such as the Council Tax Freeze Grant; Business Rates income; interest from investments and depreciation on capital from services.

| Budget Changes for 2014-17 | | | | |
|-----------------------------------|--|-----------------|-----------------|-----------------|
| FINANCE GENERAL | | | | |
| | | 2014-15 | 2015-16 | 2016-17 |
| | | £m | £m | £m |
| | BASE BUDGET | -343.582 | -309.158 | -278.232 |
| | ADDITIONAL COSTS | | | |
| | Economy | | | |
| | Basic Inflation - Pay (1% for 14-17) | 0.006 | 0.007 | 0.008 |
| | Basic Inflation - Prices | 0.063 | 0.063 | 0.063 |
| | Funding for Pensions deficit | 1.171 | 1.211 | 1.538 |
| | Additional 3.6% employer contributions for Norwich Airport pension (60%) | 0.030 | | |
| | Deficit recovery payment for Norwich Airport pension (60%) | 0.013 | | |
| | Forecast industry insurance increase | 0.500 | | |
| | Government Policy | | | |
| | National single tier pension | | | 3.300 |
| | Funding reductions | 25.121 | 38.960 | 24.500 |
| | District Councils - council tax support | -0.360 | | |
| | One-off Transitional grant | 1.235 | | |
| | One-off grant - Efficiency/New Homes | 1.559 | | |
| | NCC Policy | | | |
| | 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 | | |
| | Local Assistance Scheme | 2.275 | | |
| | Additional provision for Willows Power and Recycling Centre | 8.000 | -8.000 | |
| | Increase in general balances (one-off) | 3.000 | -3.000 | |
| | Total Additional Costs | 45.715 | 29.096 | 29.409 |
| | BUDGET SAVINGS | | | |
| Ref | New Homes Bonus | -0.904 | -0.905 | -1.529 |
| | Cross cutting savings | -0.460 | 0.194 | |
| | Use of second homes money | -1.200 | -1.200 | -1.200 |
| | Reduction in redundancy | | -1.500 | |
| | Reduced cost of borrowing | -1.921 | -0.479 | -0.825 |
| | Norse dividend | -0.600 | | |
| | Use of organisational reserves (one-off) | -1.000 | 1.000 | |
| | Use of Icelandic Bank Reserve (one-off) | -1.453 | 1.453 | |
| | Use of Modern Reward Strategy reserve (one-off) | -0.547 | 0.547 | |
| | Increase due to second homes council tax | -0.056 | | |

| | 2014-15 £m | 2015-16 £m | 2016-17 £m |
|---|-----------------|-----------------|-----------------|
| Interest receivable/payable – change to risk appetite (one-off) | -4.164 | 4.164 | |
| Total Savings | -12.305 | 3.274 | -3.554 |
| | | | |
| COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax | | | |
| Depreciation | 6.819 | | |
| REFCUS | 2.008 | | |
| Debt Management Expenses | 0.016 | | |
| Public Rights of Way | -0.010 | | |
| Revision of recharges Interest on Balances to Resources from Finance General | -0.010 | | |
| From ETD: Interest payable | 0.442 | | |
| To Fire: Fire Lease | -0.018 | | |
| To Libraries: Termination of 3 mobile library leases | -0.024 | | |
| Sub total Cost Neutral Adjustments | 9.223 | | |
| | | | |
| BASE ADJUSTMENTS | | | |
| Business Rates capping compensation | -1.466 | | |
| New Homes Bonus adjustment grant | -0.477 | 0.477 | |
| New Homes Bonus adjustment grant | | -1.214 | 1.214 |
| Social Fund (Local Assistance Scheme) Grant Income | -2.275 | 2.275 | |
| Changes on Settlement assessment | -0.295 | 0.464 | |
| Community Right to Challenge grant | | 0.009 | |
| Lead Local Flood grant | | 0.104 | |
| Council tax freeze grant | -3.526 | -3.559 | |
| Business Rates 2013-14 surplus | -0.170 | | |
| Sub total Base Adjustments | -8.209 | -1.444 | 1.214 |
| | | | |
| TOTAL | -309.158 | -278.232 | -251.163 |

Appendices

- a. Revenue Budget 2014-17**
- b. Adequacy of Reserves and Provisions 2014-17**
- c. Robustness of Estimates**
- d. Capital Strategy and Programme 2014-17**
- e. Medium Term Financial Strategy 2014-17**
- f. Annual Investment and Treasury Strategy 2014-15**
- g. Schools Budget**

An overall County Council Net Revenue Budget of £308.397m for 2014-15, including budget increases of £113.707m and budget reductions of £107.897m was agreed by County Council on 17th February 2014. The full reports are available on the County Council website at:

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=County_Council

Cabinet
27 January 2014

County Council Budget 2014-17
Statement on the adequacy of Provisions and Reserves 2014-17

Report by the Head of Finance (Interim)

Summary

This report details the County Council's reserves and provisions, including an assessment of their purpose and expected usage during 2014-17. It includes an assessment of the Council's financial risks that should be taken into consideration in agreeing the minimum level of General Balances held by the Council.

This paper is one of a suite of reports to this Cabinet meeting that support decisions for the budget recommendations to County Council.

Recommendation:

Cabinet is asked to,

- 1 Note, that excluding the arrangements to manage the Willows risk, the reduction in non-schools earmarked and general reserves of just under 65%, from £112m (March 2013) to £39.6m (March 2017);
- 2 Agree, based on current planning assumptions and risk forecasts set out in Appendix D:
 - (a) for 2014-15, a minimum level of General Balances of £19m and,
 - (b) a forecast minimum level for planning purposes of

| | |
|----------|-------------|
| 2015-16, | £22.4m and, |
| 2016-17, | £24.1m |
- as part of the consideration of the budget plans for 2014-17 and reflecting the transfer of risk from Central to Local Government.
- 3 Agree the use of non-school Earmarked Reserves, as set out at Appendix E,
- 4 Agree that the Head of Finance further reviews the level of the Council's Reserves and Provisions as part of closing the 2013-14 accounts in summer 2014.
- 5 Note the updated policy on reserves and provisions.

1. Background

- 1.1 As part of budget reporting to Cabinet and the County Council, the Head of Finance is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves.
- 1.2 Reserves are an essential part of good financial management and are held to ensure the Council can meet unforeseen expenditure and to smooth expenditure across financial years. They enable councils to manage unexpected financial pressures and plan for their future spending commitments. While there is no universally appropriate level for councils' reserves, the Audit Commission states that the reserves a council holds should be proportionate to the scale of its future spending plans and the risks it faces as a consequence of these. Norfolk County Council's policy has been to set limits consistent with the Council's risk profile and with the aim that Councils Taxpayer's contributions are not unnecessarily held in provisions or reserves.
- 1.3 This paper sets out the County Council policy for reserves and balances and details the approach for setting a risk assessed framework for reaching a recommended level of general balances. Appendices A and B explicitly identify the risks, over ten categories, and the quantification of those risks, in arriving at the recommended level.
- 1.4 Taking into account the overall position, it is considered that the current level of General Balances is insufficient and the minimum level is proposed to be raised to £19m, given the downward trajectory of the Earmarked Reserves (Appendix E), and the reduced room for manoeuvre.

2. Purpose of holding provisions and reserves

- 2.1 The Council holds both provisions and reserves.

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

Reserves (or Earmarked Reserves) are held in one of three main categories:

- Reserves for special purposes or to fund expenditure that has been delayed - reserves can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.
- Local Management of Schools reserves that are held on behalf of schools – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.

- General Balances – reserves that are not earmarked for a specific purpose. The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Head of Finance is required to form a judgement on the level of the reserve and to advise Cabinet accordingly.

2.2 Reserves are held for revenue and capital purposes. However some are specific e.g. Usable Capital Receipts can only be used for capital purposes.

3. Current Context

3.1 In respect of General Balances, their minimum level is presently recommended at £16m. The projected actual level at 31 March 2014 is £16.811m, prior to allowing for the revenue budget year end position, which is currently forecasting an overspend of £0.434m. The budget proposals reported to Cabinet on this agenda do not include any use of General Balances. The level of minimum balance is informed by an assessment of the financial risk to which the Council is exposed, whilst also taking account of the level of financial controls within the Council. Financial management and reporting arrangements are considered to be effective and this has been commented on by the external auditors.

3.2 Norfolk County Council's provisions and reserves are reported to Cabinet on a monthly basis and are subject to continual review. They are also reported to the relevant Overview and Scrutiny Panel. In comparison with other county councils, the council holds a lower than average percentage of general balances – an unallocated reserve which is held as a contingency to meet unexpected financial pressures and emergencies.

3.3 In setting the annual budget, a further review of the level of reserves is undertaken, alongside any under or overspend in the current year, as to whether it is possible to release funding to support the following years budget or whether additional funding is required to increase the level of reserves. That review is informed principally by an assessment of the level of financial risk to which the council is exposed and an assessment of the role of reserves in supporting future spending plans.

3.4 The overall level of General Balances needs to be seen also in the context of the earmarked amounts set aside and the Council's risk profile. Whilst it is recognised that all County Councils carry different financial risk profiles, the position in Norfolk is that the level of its General Balances is below that of most other Counties. As a percentage of our net 2013-14 budget it is presently 5.5%. The average for shire counties is some 10%.

4. Assessment of the level of general balances

4.1 The framework for assessing the level of General Balances, detailed at [Appendix A](#), is based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of

the level of general balances for the County Council. It takes into consideration the most significant risks and issues including the following:

- Level of savings and transformation. One of the most significant risks continues to be the level of transformation that has to take place across the council to deliver the required budget savings. Risk has been considered as part of our assessment of the robustness of the budget proposals. These risks will be monitored within and across services as part of the Council's ongoing risk management process and mitigating actions will be identified and monitored. Robust financial monitoring controls are in place and additional monitoring of the transformation programme is being undertaken.
 - Managing the cost of change. The Council will need to budget for the cost of any redundancies necessary to achieve the required budget savings and service restructuring to the extent they are not contained in the budget proposals. The Council has a separate redundancy reserve for this purpose.
 - The effect of economic and demand changes. There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Whilst the budget process has been prudent in these assumptions and that those assumptions, particularly about demand led budgets, should hold true in changing circumstances, an adequate level of general contingency provides extra reassurance the budget will be delivered on target.
 - Cost of disasters. The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. In a disaster situation, the Council can claim assistance from the Government using the Bellwin rules under which the Council would have to fund the first £2.099M (0.2% of the 2013-14 budget requirement and Dedicated Schools Grant. Central Government would provide grant funding of 85% for expenditure incurred above this amount. Examples of natural disasters are severe flooding, hurricane damage etc.
 - The risk of major litigation, both currently and in the future.
 - Risk of changes to the levels of grant funding and factors affecting key income streams such as Council Tax and Business Rates.
 - Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
 - Changes in the economic climate which may influence certain levels of income to be received at a lower level than previous years.
 - The need to retain a general contingency to provide for any unforeseen circumstances, which may arise.
 - The need to retain reserves for general day to day cash flow needs.
- 4.2 The ten areas of risk considered in the general contingency are detailed in [Appendix A](#) with an explanation of the potential risks faced by the Council. [Appendix B](#) details the calculation of the General Balances.

Table 1: Recommended and forecast level of General Balances 2014-17 £m

| | | | | |
|-------------------------------|--|---------|---------|---------|
| 2013-14 (31-3-2013 Actual) | | 2014-15 | 2015-16 | 2016-17 |
| 22.694 | Assessment of the level of General Balances | 19.000 | 22.400 | 24.100 |

- 4.3 It is essential in setting a balanced budget that the Council has money available in the event of unexpected spending pressures. The “balances” need to reflect spending experience and risks to which the Council is exposed.
- 4.4 The latest budget monitoring position reported elsewhere on the agenda forecasts general balances at 31st March 2014 of £16.8m, prior to allowing for the revenue budget end of year position, which is currently forecasting an overspend of £0.434m.
- 4.5 The increase in the minimum level of risk based balances needed in the following two years, reflects the increased level of risk around government funding and inflation assumptions, such as pay awards. It is anticipated that the level of risk will be reduced during the 2015-16 budget cycle as further information is received and there is an increased level of confidence in the budget assumptions for key areas of funding and spend.

5. Review of Earmarked Reserves and Provisions

- 5.1 As part of the 2014-15 budget planning process a detailed review has been undertaken in respect of each of the reserves and provisions held by the Council. In general, the earmarked reserves and provisions are considered by the Head of Finance to be adequate and appropriate to reflect the risks they are intended to cover. However, it is considered that changes could be made to the some reserves, due to changing circumstances. Table 2 summaries the earmarked reserves for each service and where it is recommended that the medium term financial plan includes movement from or to reserves, these are detailed at the foot of the table. The detail balances for individual reserves is shown at [Appendix C](#).

Table 2: Summary of Earmarked Reserves 2014-17 £m

| Service | Forecast at 31.3.15 | Forecast at 31.3.16 | Forecast at 31.3.17 |
|---|------------------------|------------------------|------------------------|
| Children's Services | 0.000 | 0.000 | 0.000 |
| Community Services | 5.959 | 3.552 | 0.359 |
| ETD | 10.871 | 7.272 | 6.079 |
| Fire | 0.748 | 0.350 | 0.277 |
| Resources | 0.306 | 0.306 | 0.306 |
| Corporate and joint services | 15.039 | 10.613 | 8.485 |
| Total (excluding schools, April 2013 £89.334m) | 32.923 | 22.093 | 15.506 |

| | | | |
|--|--------|--------|--------|
| Energy to Waste (April 2013 £0m) –budget recommendations include increasing this reserve by £8m in 2014-15 to £19m | 11.000 | 11.000 | 11.000 |
| Reserves for capital use (April 2013 £1.587m) | 6.270 | 6.270 | 6.270 |
| Schools (April 2013 £50.145m) | 37.661 | 37.661 | 37.661 |

| | | | |
|---|---------------|--|--|
| Key Changes to support the medium Term Financial Plan | | | |
| Organisational Change and Redundancy Reserve | -4.000 | | |
| Modern Reward Strategy Reserve | -4.359 | | |
| Icelandic Bank Reserve | -1.445 | | |
| Total | -9.804 | | |

- 5.2 When taking decisions on utilising reserves or not it is important that it is acknowledged that reserves are a one-off source of funding and once spent, can only be replenished from other sources of funding or reductions in spending.
- 5.3 During the 2013-14 financial year a new reserve was created to provide a contingency for potential costs that the Council could incur if the Willows Power and Recycling Centre contract is terminated. A planning decision is still awaited from the Secretary of State. However, regardless of the decision, uncertainty will remain and for the purposes of budget planning for 2014-15, it is recommended that the contingency remains in place, in full, even if planning is granted. Risk of further challenge remains and therefore delays, which will result in an increase in price. It is recommended that the reserve remain in place until the plant is operational.
- 5.4 It proposed to utilise the reductions in reserves outlined above for the following one-off purposes. The usage and funding is reflected in the budget proposals in a separate report to County Council.

Table 3: Use of released funds for one-off purposes £m

| | 2014-15 | Further information |
|------------------------------------|---------|-------------------------------|
| Invest to save Children's Services | 2.000 | Savings to be made in 2015-16 |
| Invest to save Adult Social Care | 1.804 | Savings to be made in 2015-16 |
| Digital Norfolk Ambition | 3.000 | |
| Increase in General Balances | 3.000 | |
| | | |
| | 9.804 | |

- 5.5 As reported elsewhere on the agenda, a forecast revenue budget overspend of £0.434m is projected in 2013-14 and general balances are forecast to be £16.811m at 31st March 2014. The current recommended level of general balances is £16m and as such the current level of overspend is not expected to reduce balances below this

level. Therefore for planning purposes no more than £3m is forecast to be needed to increase balances to the revised recommended level for 2014-15 of £19m.

5.6 In view of the need to keep all financial risk under ongoing review and given the scale of change facing the Council, it is proposed that a further full risk assessment of earmarked reserves also be undertaken as part of the closure of the accounts, alongside the review of Council balances in the summer 2014.

5.7 Attached at Appendix C is the updated policy on reserves and provisions used to provide guidance in assessing their level. Attached at Appendix D and E is a full list of the reserves and provisions held by the Council including their purpose and expected usage over the medium term period. The forecast year end position of all reserves and provisions is reported to each meeting of the Cabinet.

6. Resource Implications

6.1 The resource implications are set out in Sections 3, 4 and 5 of this report. Excluding the Energy from Waste specific, the change in non-schools reserves is a reduction of just under 65%:

Table; Change in Reserves 2013 to 2017 £m

| | March 31, 2013 | March 31, 2017 | Reduction % |
|--------------------|----------------|----------------|-------------|
| General Balances | 22.694 | 24.100 | |
| Earmarked Reserves | 89.334* | 15.514 | |
| Total | 112.028 | 39.614 | 64.6 |

*excludes reserves for capital use of £1.587m.

6.2 Equality Impact Assessment (EqIA)

6.3 There are not considered to be any implications relating to equality impact arising from the content of this report.

6.4 Environmental Implications

6.5 There are no environmental impacts in relation to this report.

7 Any Other implications

7.1 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.

8 Section 17 – Crime and Disorder Act

8.1 There are not considered to be any implications relating to Section 17, Crime & Disorder Act in relation to this report.

9. Alternative Options

- 9.1 Members could choose to agree different levels of reserves and balances, which could increase or decrease the level of risk in setting the revenue and capital budget. This would change both the risk assessment for the budget and the recommended level of balances.

10. Reason for decision

- 10.1 As part of budget reporting to Cabinet and the County Council, the Head of Finance is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves. Members must consider the level and use of reserves and balances to inform decisions when recommending the revenue budget and capital programme.

Key financial risks for Norfolk County Council for General Balances calculation

| No | Area of risk | Explanation of risk |
|----|---------------------|--|
| 1 | Legislative changes | <p>Key government policy and legislative changes will impact on the Council's budget plans. Forecasts have been based on the latest information available but there is risk of variation and there is greater risk in future years, where estimates cannot be based on firm government announcements. Key elements include:</p> <ul style="list-style-type: none"> - Government grant – based on provisional government funding announcements. Future estimates reflect the direction of travel within headline figures for public funding set out in Spending Round 2013. - Business Rates. Councils' funding is affected by the level of business rates collected. The risk is considered low as NCC is affected by the combined rates across all Norfolk councils, which helps smooth out any specific peaks and troughs. - Council Tax base and collection. The council funding is affected if there is a reduction in the taxbase or in the amount collected by the billing authorities. The budget is based on a prudent forecast, which minimises the financial risk to budgeted income. - NHS/Social Care Funding – There is significant uncertainty around how much additional social care funding will be available to NCC and the responsibilities attached to this. The budget forecasts include estimates for receiving part of the expected funding available. - Local Assistance Fund – The fund has been operational since April 2013. However funding will cease from 2015-16. - Landfill tax. The government has not announced landfill tax increases beyond 2014-15. Budget plans do not include an increase in tax in 2015-16 and 2016-17, however there is a risk that further increases will be announced. |
| 2 | Inflation | <p>Pay inflation has been assumed at 1%; however the County Council is part of the national agreement and therefore will be subject to any agreements reached. There is a risk that pay awards could vary from this assumption over the three year planning period.</p> <p>Price inflation has been included based on contractual need. There is a risk that inflation will be required during the planning period, even where there is no current contractual element. In addition many contracts are negotiated post budget agreement and therefore forecast inflation levels</p> |

| No | Area of risk | Explanation of risk |
|----|--|---|
| | | <p>may be different in practice.</p> <p>Inflation on fees and charges is set by NCC – a 2% increase has been assumed.</p> <p>However, there is a risk that market forces may require this to be varied during the planning period.</p> |
| 3 | Interest rates on borrowing and investment | <p>Budgeted interest earnings on investments are based on the London Intra Bank Bid rate for money market trades. The current rates are low and there is not expected to be significant change. The risk of these reducing further is low and it is more likely that if the economy does not pick up that these rates remain unchanged.</p> <p>Revenue cost of borrowing is based on our current borrowing profile, policies and expected capital programme.</p> |
| 4 | Grants and funding | <p>The grant system does not provide long term guaranteed grant allocations and indicative grant settlements are usually only for an additional year. All grant announcements are subject to Government changes, which can also arise 'in-year'. In the absence of indicative forecasts at a council level, future forecasts are normally based on changes in the high level Government forecasts of Departmental Expenditure Limits for Local Government</p> <p>Currently there are 3 issues:</p> <ul style="list-style-type: none"> • The drive to deliver deficit reduction targets means that the Government may place further reductions on government departments that may affect local government • On occasions general issues arise on grants which place the Council at risk of clawback. • Key funding for integrated health and social care is via the Department of Health and is dependent on the agreement of plans and further information regarding payment by results. |
| 5 | Employee related risks | <p>Staffing implications of budget planning proposals have been evaluated and reflected within the financial plans, including the cost of redundancy. However, variations could occur as detailed implementation plans are developed.</p> <p>A new high level organisational structure has been agreed by County Council. This will lead to restructure across services, the timing of which may impact on the planned delivery of savings.</p> |

| No | Area of risk | Explanation of risk |
|----|--|---|
| 6 | Volume and demand changes | <p>Many of our largest budgets are demand led and these present long standing areas of risk. Forecasts for social care are based on current outturn predictions and applied to population forecasts. Cost could vary if the population varies or if the proportion of people either requiring or eligible for care is different to the forecast.</p> <p>Budgets for Looked After Children take into account both the expected increase in demand and the County Council's strategy for reducing the number of children in care. Financial risks include delivery of the strategy and external factors that can lead to an increase in the number of looked after children.</p> <p>Waste forecasts are based on a stable position for 2015-16 and 2016-17. If tonnage levels increase this will lead to an increased pressure.</p> |
| 7 | Budget savings | <p>The medium term financial plan includes £122m budget savings to be delivered across three years. A full assessment of all proposals has tested the robustness of each saving to minimise the financial risk, however a risk remains that the programme is delivered at a slower rate, or that some savings are not achievable at the planned level.</p> <p>In addition, further savings need to be identified to close the funding shortfall in 2015-16 and 2016-17.</p> |
| 8 | Insurance and emergency planning provision | <p>Unforeseen events and natural disasters can increase the level of insurance claims faced by the Council.</p> <p>The council's insurance arrangements, including actuarial review of the fund, additional provisions for unforeseen and unreported claims, service risk management and emergency planning procedures minimise this risk.</p> |
| 9 | Energy, security and resilience | <p>Were a disaster to occur, we must have a reserve in place to pick up costs that will fall to the Council.</p> <p>Norfolk includes flood risk areas and emergency procedures are in place to manage this.</p> <p>Resilience of ICT can create a risk. The DNA programme of work will aim to improve resilience of ICT.</p> |
| 10 | Financial guarantees /legal exposure | <p>The contracts containing obligations that, if not fulfilled, would attract a penalty.</p> <p>There remains a risk of contract termination costs in relation</p> |

| No | Area of risk | Explanation of risk |
|-----------|---------------------|--|
| | | <p>to the Willows Power and Recycling centre. A provision of £11m has been created in 2013-14. The latest position is reflected in the Revenue Budget Paper to Cabinet and the financial consequences that need to be taken into consideration as part of the budget decisions.</p> <p>The Council has PFI Schemes for street lighting, salt barns and schools. However there is no risk to the financing of these schemes at this present moment.</p> |

Appendix B: Balances calculation £m

| Area of Risk | 2013-14 | | | 2014-15 | | | 2015-16 | | | 2016-17 | | |
|--|----------------|------------|--------------|----------------|------------|--------------|----------------|------------|--------------|----------------|------------|--------------|
| | Budget | Risk Level | Value |
| Legislative Changes | | | | | | | | | | | | |
| Government Grant / Localised Business Rates (incl New Homes Bonus) | 338.986 | 0.00% | 0.000 | 310.986 | 0.00% | 0.000 | 271.986 | 1.00% | 2.720 | 247.986 | 1.50% | 3.720 |
| Business Rates | 24.787 | 0.00% | 0.000 | 25.826 | 0.00% | 0.000 | 26.472 | 1.00% | 0.265 | 27.133 | 1.00% | 0.271 |
| Council Tax Variation to Base/Collection | 302.587 | 0.00% | 0.000 | 307.566 | 0.00% | 0.000 | 308.887 | 0.00% | 0.000 | 310.214 | 0.00% | 0.000 |
| NHS/Social Care Funding | 14.956 | 0.00% | 0.000 | 17.956 | 0.00% | 0.000 | 30.956 | 0.00% | 0.000 | 30.956 | 0.00% | 0.000 |
| Local Assistance Fund | 2.303 | 0.00% | 0.000 | 2.275 | 0.00% | 0.000 | 0.000 | 10.00% | 0.000 | 0.000 | 10.00% | 0.000 |
| Landfill Tax - waste recycling (price) | 20.600 | 0.00% | 0.000 | 20.600 | 0.00% | 0.000 | 20.600 | 1.00% | 0.206 | 20.600 | 1.00% | 0.206 |
| | 704.219 | | 0.000 | 685.209 | | 0.000 | 658.901 | | 3.191 | 636.889 | | 4.197 |
| Inflation | | | | | | | | | | | | |
| Employees | 225.728 | 0.00% | 0.000 | 227.728 | 0.50% | 1.139 | 229.728 | 1.00% | 2.297 | 231.728 | 1.00% | 2.317 |
| Premises | 27.515 | 1.00% | 0.275 | 27.515 | 1.00% | 0.275 | 27.515 | 1.00% | 0.275 | 27.515 | 1.00% | 0.275 |
| Transport | 54.602 | 0.50% | 0.273 | 54.602 | 0.50% | 0.273 | 54.602 | 0.50% | 0.273 | 54.602 | 0.50% | 0.273 |
| Supplies and Services | 92.265 | 0.75% | 0.692 | 92.265 | 0.75% | 0.692 | 92.265 | 0.75% | 0.692 | 92.265 | 0.75% | 0.692 |
| Agency and Contracted | 437.651 | 0.25% | 1.094 | 437.651 | 0.25% | 1.094 | 437.651 | 0.25% | 1.094 | 437.651 | 0.25% | 1.094 |
| Income (Fees and Charges excl Schools) | 101.000 | 0.00% | 0.000 | 101.000 | 0.00% | 0.000 | 101.000 | 0.00% | 0.000 | 101.000 | 0.00% | 0.000 |
| | 938.761 | | 2.334 | 940.761 | | 3.473 | 942.761 | | 4.632 | 944.761 | | 4.652 |
| Interest Rates | | | | | | | | | | | | |
| Borrowing | 32.316 | 0.50% | 0.162 | 32.316 | 0.50% | 0.162 | 32.316 | 0.50% | 0.162 | 32.316 | 0.50% | 0.162 |
| Investment | 1.701 | 0.50% | 0.009 | 1.701 | 0.50% | 0.009 | 1.701 | 0.50% | 0.009 | 1.701 | 0.50% | 0.009 |
| | 34.017 | | 0.170 |
| Grants | | | | | | | | | | | | |
| Education Services Grant | 12.132 | 4.00% | 0.485 | 11.647 | 1.00% | 0.116 | 11.530 | 1.00% | 0.115 | 11.415 | 1.00% | 0.114 |
| Public Health Grant funding | 29.798 | 0.00% | 0.000 | 30.633 | 0.00% | 0.000 | 30.633 | 2.00% | 0.613 | 30.633 | 2.00% | 0.613 |
| Other General Fund Grants | 31.223 | 0.50% | 0.156 | 31.223 | 0.50% | 0.156 | 31.223 | 0.50% | 0.156 | 31.223 | 0.50% | 0.156 |
| | 73.153 | | 0.641 | 73.503 | | 0.273 | 73.386 | | 0.884 | 73.271 | | 0.883 |

| Area of Risk | 2013-14 | | | 2014-15 | | | 2015-16 | | | 2016-17 | | |
|---|------------------|--------------|---------------|------------------|-------------|---------------|------------------|--------------|---------------|----------------|--------------|---------------|
| | Budget | Risk Level | Value | Budget | Risk Level | Value | Budget | Risk Level | Value | Budget | Risk Level | Value |
| Employee Related Risks | | | | | | | | | | | | |
| Pensions actuarial evaluation | 6.763 | 0.00% | 0.000 | 7.934 | 0.00% | 0.000 | 9.212 | 0.00% | 0.000 | 10.612 | 2.00% | 0.212 |
| National single tier pension | 0.000 | 0.00% | 0.000 | 0.000 | 0.00% | 0.000 | 0.000 | 0.00% | 0.000 | 3.300 | 5.00% | 0.165 |
| | 6.763 | | 0.000 | 7.934 | | 0.000 | 9.212 | | 0.000 | 13.912 | | 0.377 |
| Volume / Demand Changes | | | | | | | | | | | | |
| Capital Receipts | 3.000 | 0.00% | 0.000 | 3.000 | 0.00% | 0.000 | 3.000 | 0.00% | 0.000 | 3.000 | 0.00% | 0.000 |
| Customer and Client Receipts | 101.000 | 0.75% | 0.758 | 103.020 | 0.75% | 0.773 | 105.080 | 0.75% | 0.788 | 108.233 | 0.75% | 0.812 |
| Demand Led Budgets (Adult Social Care incl POC; Care Assessment; SLA) | 198.113 | 1.00% | 1.981 | 202.075 | 1.00% | 2.021 | 206.117 | 1.00% | 2.061 | 210.239 | 1.00% | 2.102 |
| Demand Led Budgets (Looked after Children) | 84.038 | 1.00% | 0.840 | 85.719 | 1.00% | 0.857 | 87.433 | 1.00% | 0.874 | 89.182 | 1.00% | 0.892 |
| Winter Pressures | 3.800 | 25.00% | 0.950 | 3.800 | 25.00% | 0.950 | 3.800 | 25.00% | 0.950 | 3.800 | 25.00% | 0.950 |
| Landfill Tax - waste recycling (volume) | 20.600 | 1.20% | 0.247 | 20.600 | 1.20% | 0.247 | 20.600 | 1.20% | 0.247 | 20.600 | 1.20% | 0.247 |
| Public Health contracts | 29.804 | 0.00% | 0.000 | 29.804 | 2.00% | 0.596 | 29.804 | 2.00% | 0.596 | 29.804 | 1.00% | 0.298 |
| | 440.355 | | 4.776 | 448.018 | | 5.444 | 455.834 | | 5.517 | 435.054 | | 5.301 |
| Budget Savings | | | | | | | | | | | | |
| Budget Reductions | 51.501 | 5.00% | 2.575 | 65.000 | 5.5% | 3.575 | 32.000 | 6.00% | 1.920 | 50.000 | 5.00% | 2.500 |
| Insurance/Public Liability Third Party Claims | | | | | | | | | | | | |
| Uninsured Liabilities | 0.000 | 0.00% | 4.000 | 0.000 | 0.00% | 4.000 | 0.000 | 0.00% | 4.000 | 0.000 | 0.00% | 4.000 |
| Bellwin rules | 1,077.673 | 0.20% | 2.155 | 1,054.652 | 0.20% | 2.109 | 1,016.973 | 0.20% | 2.034 | 994.300 | 0.20% | 1.989 |
| | 1,077.673 | | 6.155 | 1,054.652 | | 6.109 | 1,016.973 | | 6.034 | 994.300 | | 5.989 |
| Energy Security and Resilience | | | | | | | | | | | | |
| Carbon Tax Legislation | 0.250 | 0.00% | 0.000 | 0.250 | 10.00% | 0.025 | 0.250 | 10.00% | 0.025 | 0.250 | 10.00% | 0.025 |
| TOTAL | | | 16.652 | | | 19.069 | | | 22.372 | | | 24.094 |

Norfolk County Council policy on Provisions and Reserves

Objective

The objective of holding provisions and reserves is:

- To ensure the Council can meet unforeseen expenditure and to smooth expenditure across financial years

The level of provisions and reserves are continually reviewed to ensure that the amounts held are within reasonable limits. Those limits should be consistent with the Council's risk profile and should ensure that Council Taxpayers' contributions are not unnecessarily held in provisions or reserves.

Provisions

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

The provision amounts are reported to Cabinet on a monthly basis and are continually reviewed to ensure that they are still needed and that they are at the appropriate amount. If necessary, the amount is increased or decreased as circumstances change to ensure that the provisions are not over or understated.

Reserves

The Council's reserves consist of the following main categories:

- Reserves for special purposes or to fund expenditure that has been delayed
- Local Management of Schools (LMS) reserve
- General Balances (Reserves that are not earmarked for a specific purpose)

The Council complies with the definition of reserves contained within CIPFA's Accounting Code of Practice.

Similar to provisions, reserves are reported to Cabinet on a monthly basis and are continually reviewed in the context of service specific issues and the Council's financing strategy. Reserves are held for revenue and capital purposes. Some reserves, such as General Balances could be used for either capital or revenue purposes, whilst others can be specific e.g. Usable Capital Receipts can only be used for capital purposes.

A) Reserves for special purposes or to fund expenditure that has been delayed.

Reserves can be held for a specific purpose. An example of a reserve is repairs and renewals. Money is set aside to replace equipment on a rolling cycle. This effectively smoothes the impact of funding the replacement equipment when the existing equipment is no longer fit for purpose.

B) LMS reserve

The LMS reserve is only for schools and reflects balances held by individual schools. These balances are not available to support other County Council expenditure.

C) General Balances

The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Head of Finance is required to form a judgment on the level of this reserve and to advise the Cabinet accordingly.

In forming a view on the level of General Balances, the Head of Finance takes into account the following:

- Provision for Unforeseen Expenditure
- Uninsured risks
- Comparisons with other similar organisations
- Level of financial control within the Council

Provision for Unforeseen Expenditure

Unforeseen expenditure can be divided into 2 categories:

- Disasters
- Departmental Overspends

In a disaster situation, the Council can have recall to the Government using the Bellwin rules under which the Council would have to fund the first £2.099m (0.2% of the 2013-14 net budget requirement and Dedicated Schools Grant). Central government would provide grant funding of 85% for expenditure incurred above this amount. Examples of natural disasters are severe flooding, hurricane damage, etc.

The Council also needs to be able to fund a Departmental overspend, should one occur.

Uninsured risks

A combination of external insurance cover and the Council's insurance provision provides adequate cover for most of the Council's needs. Considerable emphasis has been placed upon risk management arrangements within the Council in order to minimise financial risks.

However, there are some potential liabilities, such as closed landfill sites, some terrorism cover, and some asbestos cover, where it is not economical or practical to purchase external

insurance cover. The County Council needs to have some provision in the event of a liability arising.

Comparisons with similar organisations

As part of assessing the minimum level of General Balances to be held, comparisons are made with other County Councils. Based on the latest Cabinet monitoring report, the forecast level of General Balances at 31 March 2014 is £16.811m, prior to allowing for the revenue budget year end position. The County Council holds balances of 5.5% as a percentage of its net 2013-14 revenue expenditure. This percentage can only be used as a guide as each Council's circumstances are different. However, the percentage of General Balances compared to the net revenue expenditure is below average in comparison to other County Councils.

Level of financial control within the Council

Factors that are taken into account in assessing the level of financial control are:

- The state of financial control of the Revenue Budget and the Capital Programme
- The adequacy of financial reporting arrangements within the Council
- Adequate financial staffing support within the Council, including internal audit coverage
- Working relationships with Members and Chief Officers
- The state of financial control of partnerships with other bodies
- Any financial risks associated with Companies where the Council is a shareholder

In evaluating the level of General Balances, as part of producing the 2014-15 Budget, the Head of Finance has used a framework based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council.

The ten areas of risk considered in the general contingency are set out in a report to the Cabinet budget meeting, including an explanation of the potential risks faced by the Council. The report also details the calculation of the General Balances. The balances reflect spending experience and risks to which the Council is exposed.

Minimum Level of General Balances

Taking all of the above factors into account the Head of Finance currently advises that the Council holds the following minimum level of General Balances for 2014-15 and indicative minimum levels for planning purposes for 2015-16 and 2016-17.

| | 2014-15 £M | 2015-16 £M | 2016-17 £M |
|---|---------------|---------------|---------------|
| Assessment of the level of General Balances | 19.0 | 22.4 | 24.1 |

Chief Officers are expected to comply with financial regulations and deliver their services within the budget approved by the County Council and therefore departments are not expected to draw upon the £19m above.

If the level of General Balances is reduced to below the minimum balance, currently £19m, the shortfall will be replenished as soon as possible or as part of the following year's budget.

APPENDIX D

NARRATIVE OF PURPOSE AND FUTURE USE OF ALL RESERVES AND PROVISIONS

| Purpose | Future use |
|---|---|
| PROVISIONS | |
| Adult Social Services Doubtful Debts | |
| A provision to cover bad debts. | This provision will decrease as bad debts are written off. A significant proportion is for specific debts. |
| ETD Doubtful Debts | |
| A provision to cover bad debts. | No current specific requirement. |
| Insurance | |
| Provision for insurance claims. | Contractual commitment based on reported claims and provision for incurred but unreported claims. |
| Pension liability re: Norfolk and Waveney Mental Health Trust | |
| Provision for the potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust. | A £600k liability exists that will be settled shortly. In addition this provision will also be used to meet an Age UK pension contribution. The liability could arise in 2013-14, but is assumed over two years, with the provision ceasing in 2014-15. |
| Redundancy | |
| A provision to meet redundancy & pension strain costs. | This is expected to be used in part in 2014-15, with an improved forecast for future years prepared as the savings programme is developed and detailed organisational and staffing plans are finalised. |

| | |
|--|--|
| Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regulations | |
| This provision is to meet the variable demand on Retained Turnout costs. | This is required to cover the contractual commitment, but currently there is no specific call on the provision identified. |
| Closed landfill long term impairment provision | |
| Provision created to fund long term impairment costs arising from Closed Landfill sites, as per Government legislation and Audit Commission recommendation. | This is required to cover the legal requirements, but there is currently no specific call on the provision identified. |
| EARMARKED RESERVES | |
| Adult Education Income Reserve | |
| The County Council is required to approve a budget for the Adult Education service five to six months in advance of the funding announcement by the Skills Funding Agency. In addition, the Skills Funding Agency can also impose penalties on the service in the event that targets are not met and these are dependent on results assessed at year end. This reserve enables the Council to manage risks associated with potential changes in Skills Funding Agency working. | The service has a requirement for a 5% risk margin based on the likelihood of funder's requests to return funds when educational attainment targets have not been achieved. Such requests occur at the end of the academic year when fixed costs have already been committed and the reserve is intended to avoid overspending. The target is £0.300m and more work is needed to build up levels of reserves. Risk is currently amber against current performance but red against target levels. |
| Adult Social Services Residential Review | |
| This reserve was originally created from savings arising from the new conditions of service for residential care staff and it was agreed with the Unions and Members that it is to be used for developing the homes/housing with care schemes for older people. | The NorseCare annual rebate is placed in this reserve and the reserve is used to meet costs of Building Better Futures transformation project, e.g. more housing with care schemes. It is expected to be used in 2016-17. |
| Adult Social Care Legal Liabilities | |
| This reserve relates to a legal case on the ability to charge for certain services. It will be used to smooth future expenditure if the Council cannot charge for these services. | Cabinet approved on 9 May 2011 the creation of the Adult Social Care Legal Liabilities reserve to cover the potential costs arising from the dismissal on Tuesday 15 February 2011 at the Court of Appeal of the appeal lodged by Hertfordshire County Council regarding the funding of aftercare under section 117 of the Mental Health Act. The department has incurred extra costs and was able to absorb most of these pressures in 2012-13. However this is not expected to be the case in future years given the pressure on the department's budgets and it is expected that the reserve will be used over the next three years |
| Archive Centre Sinking Fund | |
| This reserve is to maintain the Archive Centre in accordance with a lease agreement between the County Council and the University of East Anglia. | The Archive Centre is required to provide environmental conditions that comply with BS 5454 and there is significant cooling and air conditioning plant to maintain satisfactory levels. Forward provision is required for the replacement of plant, boilers and lifts. No commitments are currently identified and the annual contributions to the fund will be reduced to £10,000 from 2014-15. |
| Building Maintenance | |
| This reserve is to ensure that the capital value of the Council's building stock is maintained and facilitates the rolling programme of building maintenance. It also allows NPS Property Consultants Ltd to respond to emergencies by carrying out repairs from day to day | A rolling programme of work and annual budget contribution. The underlying reserve is to meet the risk of unidentified and emergency repairs. |

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| and as the need arises. | |
| Car Lease Scheme surplus | |
| This is the accumulated trading surplus on the car leasing scheme. | This fund is expected to increase each year by the forecast annual surplus of £200k and therefore there will be opportunity to use some of this funding in future years. |
| Community Construction Fund | |
| This fund is available to groups such as parish councils, voluntary groups and charities to apply for a one-off grant to create village hall extensions, sports facilities, play areas and other community projects. | This is expected to be fully used by the end of 2013-14. |
| Strategic Partnership | |
| This reserve reflects monies that have been generated from Council Tax on second homes and in accordance with the decision of the Norfolk Local Government Association is earmarked for strategic initiatives identified by the County Strategic Partnership. | The majority of this funding is expected to be used by the end of 2013-14. |
| Economic Development and Tourism | |
| This is primarily the Apprenticeship Scheme balance, plus Better Broadband and committed EU project funding | Funding for apprenticeships, Better Broadband and EU Projects are all committed. Specific commitments are not identified yet but it is expected that the £1m remaining in 2016-17 will be partly committed. |
| Fire Operational Equipment Reserve | |
| This reserve is to meet variable demands for new operational equipment and personal protective equipment that arise from larger incidents and higher than expected turnouts. | The reserve is planned to be used to fund fleet replacement and could be fully utilised within 2015-16. However, this is directly linked to the degree that leasing budgets are reduced within the Fire Revenue budget. |
| Fire Pensions Reserve | |
| This reserve is to smooth higher than anticipated costs due in respect of ill health retirements, injury retirements and retained fire fighters who qualify for the Whole Time Uniformed scheme. | Take up of ill health injury increasingly mean that its use will be needed, but there is currently no specific call on the reserve identified. |
| Fire Operational Reserve | |
| To cover exceptional operational activity. | No specific call on the reserve identified but in place to manage unforeseen activity and related costs. |
| Highways Maintenance | |
| This reserve enables a wide range of maintenance schemes to be undertaken. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund. | The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by Developers to cover the additional maintenance work arising from their developments. The profile of use of the reserves reflects the future liabilities and planned general Highways expenditure. |
| Historic Buildings | |
| This is used to buy and restore historic buildings at risk of being demolished and to make grants towards the restoration of buildings. | There is no specific call on the reserve identified. |
| Icelandic Banks Reserve | |

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| This is to provide for potential additional Icelandic Bank losses. | Cabinet previously agreed spend against this reserve on 18/02/13. The remainder is currently needed to meet potential liabilities, but there is possible opportunity to free up some of the reserve in 2014-15. Our planning assumption is that funding will be able to be used to support the proposed increase in the level of general balances. |
| Industrial Estate Dilapidations | |
| This is to cover potential dilapidation costs that may be incurred as a result of the expiration of the North Walsham industrial estate headlease in 2009. | There is currently no identified call on the reserve. |
| Information Technology Reserve | |
| The reserve is used by multiple services to set aside money for specific IT projects. | New funding towards the reserve is not planned, but £3.8m of the reserve is expected to be used in 2014-15 and a further £1m in 2015-16. £2m of the 2014-15 use will be towards Digital Norfolk Ambition. |
| Insurance | |
| This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision. | There is currently no identified call on the reserve. |
| Modern Reward Strategy Reserve | |
| This reserve is set aside to meet any successful equal pay claims. | There is no longer a need for this reserve and therefore it is proposed that the reserve is used in full in 2014-15. It is planned to use £2m for invest to save within Children's Services; £1.812m for invest to save within Community Services Adult Social Care and the remaining balance to support the proposed increase in the level of general balances. |
| Museums Income Reserve | |
| This reserve is to assist with the budget management of fluctuations in income from visitors due to unpredictable seasonal variations. This reserve has since been identified towards an urgent capital project at Gressenhall Farm and Workhouse to reduce capital borrowing requirements which would otherwise impact adversely on the service revenue budget. | The Joint Museums Committee and Cabinet approved a reserve of 10% of the income budget in the event adverse weather conditions impacted on income generated from visitors. The reserve protects the service budget from unavoidable overspends in a particular year and is for unforeseen need. There is currently no planned future use of the reserve. |
| NDR Reserve | |
| This reserve is to support the council's funding requirement for the Northern Distributor Road and will be used to mitigate future borrowing costs for the scheme. | This reserve is expected to be used in full in 2014-15 however this is subject to the optimum borrowing profile. |
| Norfolk Infrastructure Fund | |
| This reserve is to support infrastructure projects across the county. | Additional funding is received from second homes council tax and income from investments and repayments. The profile of spend relates to expected income and spend to meet known projects including borrowing costs. |
| Nplaw Operational Reserve | |
| This reserve has been created to support the development and increased activities of the business and smooth variations in trading. | The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme. |
| Organisational Change and Redundancy Reserve | |
| This reserve was created to provide one-off funding to support and invest in transformational change e.g. shared services, which the Council faces from 2010 | The reserve is planned to be used for change initiatives including Workstyle and funding for the Corporate Programme Office. £3m is planned to be used to support |

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| onwards and to fund redundancy costs. | Digital Norfolk Ambition and £1m to support the proposed increase in the level of general balances. |
| ETD Bus De-registration | |
| This is funding to meet costs associated with the commercial deregistration of bus services. | It is currently expected that this reserve will be used in full in 2014-15. |
| ETD Demand Responsive Transport | |
| This reserve is to enable pump priming of demand responsive transport services as changes are made in supporting public transport by increasing public transport patronage rather than directly subsidising transport operators. | There is currently no planned usage of the reserve. |
| ETD Park & Ride | |
| The reserve is for future site works. | There is currently no planned usage of the fund, but is retained to meet potential necessary site works. |
| ETD Road Safety Reserve | |
| This reserve reflects the surplus resulting from Speed Awareness Courses run by the council on behalf of the Police, to be reinvested within Road Safety | It is expected that this reserve will be used in full in 2013-14. |
| ETD Street Lighting Sinking Fund | |
| This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant which will be needed in future financial years to meet contract payments. | The expected usage is in line with the contract payments. |
| ETD – Reprocurement Strategic Partnership | |
| This reserve supports a major project set up to in 2011-12 for the re-procurement of highways services. This re-procurement is not completed. | The reserve is expected to be fully used in 2013-14 and the reserve will be removed from 2014-15. |
| Prevention Fund | |
| This includes both the Living Well in the Community Fund and Prevention Fund agreed by Cabinet to support prevention work, mitigate the risks in delivering prevention savings and to help build capacity in the independent sector. | The fund is expected to be fully used by the end of 2015-16. £48,000 is planned to be used in relation to Living Well payments in 2014-15 and £1.1m in 2014-15 and £0.721m in 2015-16 in relation to prevention. |
| Public Transport Commuted Sums | |
| This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services. | This is held for a specified use. There is currently no planned usage of the funding. |
| Repairs and Renewals Fund | |
| This fund is to meet the cost of purchasing and repairing specific equipment. | The need for the reserve has changed over time as more equipment is procured via leases. The majority of the reserve is planned to be used over the next three years. |
| Residual Insurance and Lottery Bids | |
| When a cash settlement was agreed with our insurers in respect of the library fire the proceeds were paid into an earmarked reserve. Subsequent costs have been funded from this source, and outstanding costs for buildings and books have been transferred to earmarked reserves. A few issues remain outstanding (e.g. Records conservation). | The reserve also incorporates externally funded grants earmarked towards projects amounting to £0.166m on forecast. The remainder is required to complete the conservation of damaged documents. The reserve is expected to be used in full over the next three years. |

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| Strategic Ambitions Reserve | |
| This reserve supports the Council in achieving its aspirations and strategic ambitions for Norfolk. | Funding related to the Carbon Energy Reduction Fund is expected to be used fully by the end of 2014-15. The reserve is also used to support the Corporate Programme Office and this element of the reserve will be utilised fully during 2016-17. The remainder of £0.111m relates to transport strategy and the sustainable strategy team, for which there are currently no identified commitments during 2014-17. |
| Unspent Grants and Contributions | |
| This reserve contains the balances on the Council's unconditional grants and contributions. | Mostly grants and contributions will be used to fund spend during the next two years. It is currently expected that £755,000 will remain uncommitted by the end of 2016-17. |
| Usable Capital Receipts | |
| This reserve is for capital receipts to help support the capital programme and reduce borrowing requirement. | The reserve includes general capital receipts and receipts in relation to the County Farms estate – the use of which is ring-fenced for county farm purposes. £528,000 of the reserve is planned to be used toward general capital finance packages in 2014-15. The remainder relates to County Farms. Disposals of over £6m are expected in 2014-15. |
| Waste Management Partnership Fund | |
| This reserve is for waste management initiatives. | It is planned that the reserve will be fully used in 2014-15. |
| School's Provisions Children's Services Provision for Holiday Pay | |
| The provision is held for the payment of frozen holiday pay to former education staff that are now part of NORSE, on their retirement. | Currently there are no payments already identified for the three year period. |
| School's Reserves Building Maintenance Non-Partnership Pool | |
| This is money put aside by schools, who have not subscribed to the Building Maintenance Partnership Pool, for the building maintenance of their schools | The future usage will be part of individual school's financial plans. |
| Building Maintenance Partnership Pool (BMPP) | |
| This is part of a 5 year subscription program, run by NPS on behalf of schools, for building maintenance. | The reserve is expected to be utilised in 2014-15. |
| Children's Services Equalisation | |
| To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays. | This expected to be used in full in 2014-15. |
| LMS Balances | |
| This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfES and are not available to the Council for general use. | The future usage will be part of individual school's financial plans. |

| Norwich Schools PFI Sinking Fund | |
|--|---|
| This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and schools contributions which will be needed in future financial years to meet contract payments. | This will be used to fund the 25 year Norwich Schools PFI contract and profiled in line with contract payments. |
| Schools Contingency | |
| Part of the School's LMS budget, this fund is used to reimburse schools for unforeseen and special circumstances. | The future usage will be part of individual school's financial plans. |
| Schools non-teaching activities | |
| This reserve reflects trading surpluses of schools sports centre activities, as per section 458(1) of the Education Act 1996. | Trading position of school run children's centres and sports centres. |
| Schools Playing Field Surface Sinking Fund | |
| This reserve is to maintain and replace the astro turf playing surface at schools in accordance with a lease agreement between the schools' governing body and the County Council. | In line with lease agreement. |
| Schools Sickness Insurance Reserve | |
| This reserve is a mutual insurance scheme operated on behalf of schools. | No expected variations to the reserve. |

**RESERVES AND PROVISION
YEAR END PROJECTIONS**

| | Balances at 1.4.13 | Forecast Balances at 31.3.14 | Forecast Balances at 31.3.15 | Forecast Balances at 31.3.16 | Forecast Balances at 31.3.17 |
|--|-------------------------------|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Earmarked Reserves | | | | | |
| All Services | | | | | |
| Building Maintenance | 1.071 | 1.186 | 1.186 | 1.186 | 1.186 |
| Information Technology Reserve | 9.471 | 6.769 | 2.934 | 1.940 | 1.852 |
| Repairs and Renewals Fund | 5.783 | 3.558 | 2.157 | 1.396 | 0.771 |
| Unspent Grants and Contributions | 12.255 | 6.951 | 4.789 | 2.574 | 1.047 |
| | 28.580 | 18.464 | 11.066 | 7.096 | 4.856 |
| Children's Services | | | | | |
| Children's Services Improvement Fund | 0.000 | 1.500 | 0.000 | 0.000 | 0.000 |
| | 0.000 | 1.500 | 0.000 | 0.000 | 0.000 |
| Community Services | | | | | |
| Adult Education Income Reserve | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 |
| Adult Social Services Residential Review | 3.594 | 2.023 | 2.023 | 2.023 | 0.023 |
| Adult Social Care Legal Liabilities | 3.594 | 3.253 | 2.253 | 1.153 | 0.000 |
| Archive Centre Sinking Fund | 0.216 | 0.264 | 0.274 | 0.284 | 0.294 |
| Museums Income Reserve | 0.079 | 0.024 | 0.024 | 0.024 | 0.024 |
| Prevention Fund | 4.068 | 2.319 | 1.267 | 0.000 | 0.000 |
| Residual Insurance and Lottery Bids | 0.368 | 0.315 | 0.100 | 0.050 | 0.000 |
| | 11.937 | 8.216 | 5.959 | 3.552 | 0.359 |
| ETD | | | | | |
| Economic Development | 4.609 | 4.353 | 2.649 | 0.946 | 0.946 |
| Highways Maintenance | 4.644 | 3.179 | 1.930 | 0.930 | 0.430 |
| Historic Buildings | 0.229 | 0.178 | 0.178 | 0.178 | 0.178 |
| NDR Reserve | 2.500 | 2.500 | 0.000 | 0.000 | 0.000 |
| Norfolk Infrastructure Fund | 2.378 | 2.130 | 0.491 | 0.795 | 1.402 |
| P & T Bus De-registration | 0.082 | 0.082 | 0.000 | 0.000 | 0.000 |
| P & T Demand Responsive Transport | 0.561 | 0.311 | 0.000 | 0.000 | 0.000 |
| P & T Park & Ride | 0.107 | 0.012 | 0.012 | 0.012 | 0.012 |
| P & T Road Safety Reserve | 0.197 | 0.000 | 0.000 | 0.000 | 0.000 |
| P & T Street Lighting Sinking Fund | 7.789 | 6.695 | 5.595 | 4.395 | 3.095 |
| ETD – Reprocurment Strategic Partnership | 0.236 | 0.035 | 0.000 | 0.000 | 0.000 |
| Public Transport Commuted Sums | 0.016 | 0.016 | 0.016 | 0.016 | 0.016 |
| Waste Management Partnership Fund | 1.075 | 0.440 | 0.000 | 0.000 | 0.000 |
| | 24.423 | 19.931 | 10.871 | 7.272 | 6.079 |

| | Balances at 1.4.13 | Forecast Balances at 31.3.14 | Forecast Balances at 31.3.15 | Forecast Balances at 31.3.16 | Forecast Balances at 31.3.17 |
|--|-------------------------------|---|---|---|---|
| Fire | | | | | |
| Fire Operational Equipment Reserve | 1.018 | 0.998 | 0.298 | 0.000 | 0.000 |
| Fire Pensions Reserve | 0.348 | 0.348 | 0.273 | 0.173 | 0.100 |
| Fire Operational Reserve | 0.542 | 0.377 | 0.177 | 0.177 | 0.177 |
| | 1.908 | 1.723 | 0.748 | 0.350 | 0.277 |
| Resources | | | | | |
| npplaw Operational Reserve | 0.245 | 0.306 | 0.306 | 0.306 | 0.306 |
| | 0.245 | 0.306 | 0.306 | 0.306 | 0.306 |
| Corporate | | | | | |
| Car Lease Scheme surplus | 1.155 | 0.598 | 0.798 | 0.998 | 1.198 |
| Community Construction Fund | 0.072 | 0.000 | 0.000 | 0.000 | 0.000 |
| Strategic Partnership | 0.486 | 0.016 | 0.016 | 0.016 | 0.016 |
| Icelandic Banks Reserve | 5.735 | 2.235 | 0.790 | 0.790 | 0.790 |
| Industrial Estate Dilapidations | 0.010 | 0.010 | 0.010 | 0.010 | 0.010 |
| Insurance | 0.017 | 0.017 | 0.017 | 0.017 | 0.017 |
| Modern Reward Strategy Reserve | 6.210 | 4.359 | 0.000 | 0.000 | 0.000 |
| Organisational Change and Redundancy Reserve | 7.277 | 6.318 | 1.535 | 1.515 | 1.495 |
| Strategic Ambitions Reserve | 1.279 | 1.219 | 0.815 | 0.179 | 0.111 |
| Residual Waste Treatment Contract Reserve | 0.000 | 11.000 | 11.000 | 11.000 | 11.000 |
| | 22.241 | 25.772 | 14.981 | 14.525 | 14.637 |
| Non – Schools Total | 89.334 | 75.912 | 43.931 | 33.101 | 26.514 |
| Reserves for capital use | | | | | |
| Usable capital receipts | 1.587 | 0.878 | 6.270 | 6.270 | 6.270 |
| Schools Reserves | | | | | |
| Building Maintenance Non-Partnership Pool | 1.523 | 1.061 | 1.061 | 1.061 | 1.061 |
| Building Maintenance Partnership Pool | 0.322 | 0.322 | 0.000 | 0.000 | 0.000 |
| Children's Services Equalisation | 0.690 | 0.249 | 0.000 | 0.000 | 0.000 |
| LMS Balances | 33.022 | 21.631 | 21.631 | 21.631 | 21.631 |
| Norwich Schools PFI Sinking Fund | 1.711 | 1.711 | 1.711 | 1.711 | 1.711 |
| Schools Contingency | 10.03 | 10.711 | 10.711 | 10.711 | 10.711 |
| Schools non-teaching activities | 1.010 | 1.010 | 1.010 | 1.010 | 1.010 |
| Schools Playing Field Surface Sinking Fund | 0.409 | 0.409 | 0.409 | 0.409 | 0.409 |
| Schools Sickness Insurance Reserve | 1.428 | 1.128 | 1.128 | 1.128 | 1.128 |
| Schools Total | 50.145 | 38.232 | 37.661 | 37.661 | 37.661 |

| | Balances at 1.4.13 | Forecast Balances at 31.3.14 | Forecast Balances at 31.3.15 | Forecast Balances at 31.3.16 | Forecast Balances at 31.3.17 |
|--|-------------------------------|---|---|---|---|
| Provisions | | | | | |
| Community Services | | | | | |
| Adult Social Services Doubtful Debts | 1.055 | 0.951 | 0.851 | 0.751 | 0.651 |
| Potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust | 1.270 | 1.270 | 0.000 | 0.000 | 0.000 |
| Corporate | | | | | |
| Insurance | 12.394 | 12.394 | 12.000 | 12.000 | 12.000 |
| Redundancy | 5.268 | 5.152 | 0.000 | 0.000 | 0.000 |
| ETD | | | | | |
| Closed landfill long term impairment provision | 9.244 | 9.189 | 9.132 | 9.073 | 9.010 |
| ETD Doubtful Debts | 0.046 | 0.050 | 0.050 | 0.050 | 0.050 |
| Fire | | | | | |
| Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regulations | 0.850 | 0.775 | 0.775 | 0.775 | 0.775 |
| Schools Provisions | | | | | |
| Children's Services Provision for Holiday Pay | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 |

Cabinet
27 January 2014

County Council Budget 2014-17
Robustness of the estimates 2014-17

Report by the Head of Finance (Interim)

Summary

This report sets out the Head of Finance's statement on the robustness of the estimates used in the preparation of the County Council's budget, which is reported elsewhere on this agenda. This is a statutory requirement and Cabinet is asked to formally note the contents of the report prior to discussion of the budget report and recommendation of the budget and precept for 2014-15.

This paper is one of a suite of reports to this Cabinet meeting that support decisions for the budget recommendations to County Council.

Recommendation:

Cabinet is asked to:

- a) agree the level of risk and set of assumptions set out in this report, which underpin the revenue budget decisions and planning for 2014-17.

1. Background

- 1.5 As part of the budget setting process the Head of Finance (Section 151 Officer) is required under Section 25 of the Local Government Act 2003, to report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget.
- 1.6 In previous years this statement has been included as part of the overall budget report to Cabinet. This report sets out the formal statement and provides more detailed information on risk; robustness of revenue estimates and capital estimates.

2. Approach to providing assurance on robustness of estimates

- 2.1 The budget estimates are estimates of spending and income made at a point in time prior to the start of the next financial year. As such, this statement about the robustness of estimates does not provide a guaranteed assurance but does provide Members with reasonable assurances that the draft budget, which supports the Leader's budget recommendation, has been based on the best available information and assumptions and has been subject to scrutiny by relevant staff, Chief Officers and Members.

- 2.2 The requirement on the robustness of estimates has been met through key budget planning processes during 2013-14, including:
- As part of preparing for a new three year programme of work, the organisation undertook a review of functions and budgets including specific assessment of key areas of spend and income and functional peer review
 - Review by finance staff of all cost pressures and reports to Chief Officer Group to provide challenge and inform approach
 - Issue of guidance to all services on budget preparation
 - Routine monitoring of current year budgets to inform future year's planning
 - An organisational approach to planning with Cabinet agreeing priority ambitions early in the process
 - Member review and challenge through the November and January Overview and Scrutiny Panels
 - Public review and challenge through the Putting People First budget consultation, including impact assessment of proposals.
 - Member and Chief Officer peer review of all service growth and savings in six challenge sessions.
- 2.3 In addition, and as set out in the Scheme of Authority and Financial Responsibility, Chief Officers are responsible for the overall management of the approved budget and the appointment of Responsible Budget Officers (RBO) who are responsible for ensuring that authorised budgets are managed in the most effective and efficient manner in accordance with agreed plans and financial controls. Therefore managers with RBO responsibilities also play a key part in monitoring the financial position, identifying variances and financial risks and planning for services changes including forecast contractual, demographic, legislative and policy changes. In preparing estimates considerable reliance is placed on Chief Officers and RBOs carrying out these responsibilities effectively.

3. **Risk Assessment of Estimates**

- 3.1 The organisation manages risk registers corporately, for each service and for key projects, these incorporate all types of risk, including financial. In addition, a formal risk assessment has been undertaken of the revenue budget estimates in order to support the recommendation of the level of General Balances. This risk assessment is detailed in a separate report to Cabinet.
- 3.2 The budget planning estimates have been reported to Overview and Scrutiny Panels in November and January and key risks associated with the budget proposals identified. This enables Members to assess the risk associated with achievability of the savings identified and the robustness of the budget plans.
- 3.3 Early identification of risks enables Chief Officers to take mitigating action and to enable higher risk budgets to be more closely monitored during the year. The key corporate budget risks that will require ongoing attention are:

- Income: Continuing reduction to key government grant funding and lack of certainty of key funding streams affected by integrated health and social care reforms. The list of grants is included at [Appendix A](#).
- General pay and prices: Inflationary pressures affecting NCC contracted spend and uncertainty of the level of future pay awards
- Looked after Children: Meeting the challenge of delivering improvements within Children's Services to deliver improvement to both outcomes and financial sustainability within the service
- Willows Power and Recycling Centre: Continued financial risk within the Energy from Waste contract, which is dependent upon Secretary of State decision on a planning application. The latest position and financial consequences are detailed in the Revenue Budget report to Cabinet, elsewhere on this agenda.
- Norwich Northern Distributor Route: Significant capital project required to be met within planned capital funding
- Adult Social Care: Managing increased demand for services and facilitating adequate investment to deliver financially sustainably service provision
- Organisational Change: Managing significant transformation and staffing changes.

3.4 The budget estimates span a three year period 2014-17 and whilst forecast using the best available information, the planning assumptions and forecasts for future years will necessarily be based on less robust data and known factors. As part of the ongoing budget planning and monitoring cycle, these assumptions and emerging state of affairs are reviewed allowing the development of more detailed planning for the next financial years and revised medium term financial plans.

4. Robustness of Revenue Estimates

4.1 The service and budget planning process focussed, through service and peer review, on the key priorities for services, including those services that we are required to do by law and reassessing the way that services are provided. In addition, cross cutting reviews considered shared opportunities for new ways of working and savings. Cost pressures to manage unavoidable inflationary, legislatives and demand pressures have been included in the revenue budget estimates. Whilst the resulting proposed budget sees net budget reductions in all services, these are greater in Resources, ETD and Fire and lowest in Community Services and Children's Services. This predominately reflects the additional growth pressures within these services including increased demand for service and contractual price increases.

4.2 During the Autumn, Chief Officers and Members have undertaken challenge reviews of all budget plans and spending proposals. This has included peer review and an opportunity to evaluate initial proposals, risks arising from savings proposals and emerging planning issues for services. The most significant issues affecting the Council related to Children's Services and Adults and in particular identified:

- Risk of achieving savings and potential shortfall in meeting emerging demands arising from implementing a new strategy for Children's Services
- Downward revision of demographic pressures for Adults, but increased risk of full delivery of savings in 2014-15 affecting reduction in funding for wellbeing activities.

Six challenge review sessions were held between Chief Officers and Members on the following dates:

- ETD – 11th December
- Community Services (Adult Social Care)– 17th December
- Resources – 17th December
- Fire and Rescue – 18th December
- Community Services (Cultural Services) – 18th December
- Children’s Services – 19th December

4.3 As part of the budget process Cabinet Members and Overview and Scrutiny panel members have considered all the budget reductions and growth pressures and these are reflected in the budget. In addition, some of the key risks identified have been taken into consideration in the Cabinet’s budget recommendations, which will enable some budget risks to be managed down and this is reflected in the risk assessment of the recommended level of general balances.

4.4 The table below shows the current budget position for the following three years based on the Cabinet recommendations set out in the Revenue Budget report elsewhere on this agenda and the current budget forecast for 2013-14. The medium term financial plan does not set out plans to fully meet the funding shortfall in 2015-16 and 2016-17. Following the Putting People First Consultation, work is continuing to identify further proposals for service provision in these years in order to identify additional opportunities to address these deficits in future years.

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|-------------|-----------|---------|-----------|------------|
| Base Budget | (£0.434m) | £0 | (£3.808m) | (£18.216m) |

4.5 The factors and budget assumptions used in developing the 2014-17 budget estimates are detailed over sixteen headings, including drivers of growth, savings and other planning assumptions and set out at [Appendix B](#).

5. Robustness of capital estimates

5.1 As with the revenue budget, the capital programme is designed to address the authority’s key priorities, including schemes which will help transform the way in which services are provided.

5.2 Projects are costed using professional advice relative to the size and nature of the scheme. Where appropriate, a contingency allowance is included in cost estimates to cover unavoidable and unforeseeable costs.

5.3 The largest on-going capital programmes relate to transport infrastructure and schools. In both cases there is significant member involvement through the ETD Overview and Scrutiny Panel, and the Children’s Services Capital Priorities Group respectively. For other large projects, appropriate oversight is put in place through, for example, the County Hall Project Board.

- 5.4 The risks associated with having to fund large unforeseen programme variations are addressed mainly as a result of the Council being able to amend the timing of projects between years. The ability to re-profile projects between years does not result in a significant funding risk because the vast majority of funding is not time-bound, although there are inflationary risks which have to be considered.
- 5.5 An estimate of potential capital receipts is made each year, but the actual level of receipt in any one financial year can never be forecast in advance with any degree of certainty due to market conditions and interest from purchasers. Reduced receipts may result in fewer capital projects going ahead.
- 5.6 The Council's policy is to minimise unsupported borrowing and the impact of the capital programme on the council's future revenue budgets. Projects not funded from Government grants, other grants and capital contributions or capital receipts will have to demonstrate clearly that sufficient and identifiable additional revenue or cost reductions will be released to fully pay for the future revenue costs of borrowing.
- 5.7 In addition, work is underway to improve the Council's capital processes including enhancing forward planning and prioritisation of capital schemes.

6. Resource Implications

- 6.1 The paper sets out the robustness of the estimates used in preparing the proposed revenue and capital budget. There are no direct resource implications arising from this report, but it provides information and assumptions to support the Statement of the Head of Finance on the Robustness of the Estimates and provides assurances to Members prior to recommending and agreeing the revenue and capital budgets and plans for 2014-17.

6.2 Equality Impact Assessment (EqIA)

- 6.3 Equality impact assessment of all relevant budget proposals has been set out in both the public consultation documentation and reports to Overview and Scrutiny Panel. There is no further impact on equality arising from the statements within this report.

6.4 Environmental Implications

- 6.5 Environmental implications will be identified as part of individual assessment of proposals.

6.6 Any Other implications

- 6.7 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.

7 Section 17 – Crime and Disorder Act

- 7.1 There are not considered to be any implications relating to Section 17, Crime & Disorder Act in relation to this report.

8 Risk Implications

- 8.1 In setting the budget the Council can accept different level of risks, for example, minimising risk through investment in services or reducing higher risk savings or putting in place additional reserves or specific risks. The robustness of the budget estimates is evaluated, setting out budget assumptions and areas of risk, to enable Members to consider the assumptions and risks that will underpin further decisions for agreeing the budget and level of general balances. The assumptions set out in the report directly impact on the risk assessment of the level of general balances.

9 Alternative Options

- 9.1 Members could choose to agree different assumptions and therefore increase or reduce the level of financial risk in setting the revenue and capital budget. This would change the risk assessment for the budget and the recommended level of general balances held.

10. Reason for decision

- 10.2 The level of risk and budget assumptions underpin decisions when setting the revenue budget and capital decisions and affect the recommended level of general balances held. Members must consider the level of risk and the assumptions set out in this report when recommending the revenue budget and capital programme.

REVENUE GRANTS

List of key grants and funding - Revised and Updated for Final Settlement

| Grant | Service | 2014-15 Provisional £m | 2014-15 Final £m (where provided) |
|---|------------|------------------------------|--|
| Unringfenced | | | |
| Revenue Support Grant | Corporate | 176.095 | 176.135 |
| Top-Up Grant (Business Rates Retention Scheme)* | Corporate | 112.578 | 112.578 |
| Section 31 Grant (compensation for Government business rate initiatives) | Corporate | 1.466 | 1.879* |
| New Homes Bonus | Corporate | 3.214 | 3.213 |
| New Homes Bonus adjustment | Corporate | 0.477 | 0.466 |
| Education Services Grant | Children's | 10.757 | |
| Local Welfare Provision | Resources | 2.275 | 2.275 |
| Community right to challenge | Resources | 0.009 | 0.009 |
| NHS Funding (incl. Better Care Fund) | Community | 19.152 | 19.152 |
| Fire Revenue | Fire | 1.106 | 1.106 |
| Inshore Fisheries | Resources | 0.152 | 0.152 |
| Lead Local Flood | ETD | 0.311 | 0.311 |
| Local reform and community voices | Resources | 0.755 | 0.755 |
| Extended rights to free travel (Local Services Support Grant) | Corporate | 0.835 | 0.835 |
| | | | |
| Council Tax Freeze Grant (if no increase to Council Tax) | Corporate | 3.526 | 3.526 |
| | | | |
| Ringfenced | | | |
| Public Health | Resources | 30.633 | 30.633 |
| Dedicated Schools Grant | Children's | 530.308 | |
| Pupil Premium Grant | Children's | 29.752 | |
| PFI Revenue Grant (street lights; salt barns and schools) – not yet confirmed | | 8.046 | |
| | | | |
| Locally collected tax (forecasts) | | | |
| Baseline business rates | Corporate | 25.482 | 25.482 |
| Forecast surplus collection of business rates | | 0.170 | 0.175* |
| Council tax | Corporate | 308.397 | |
| | | | |

* based on forecast figures from NNDR1

Analysis of Robustness of Revenue Estimates

| Budget Assumption | Explanation of financial forecast and approach |
|----------------------------|---|
| Growth Pressures | |
| 1) Inflation | <p>Pay – The budget estimates include a forecast increase of 1% for each of the three years 2014-17. This is across all pay factors. The overall staffing establishment for NCC is expected to reduce in future years and these estimates will be revised in future years to reflect the latest staffing position.</p> <p>Pensions – The 2013 Actuarial Evaluation has been completed and confirmed that the employer rate will remain the same. The increase in the employer deficit payment reflects the latest position from the actuarial review.</p> <p>Price Inflation is provided where a contractual increase is required. This is at the contractual or forecast rate.</p> <p>Inflation on income where appropriate has been included at 2%.</p> |
| 2) Demand and Demographics | <p>There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning</p> <p>Increase in adults requiring adult social care – this includes older people and adults with learning difficulties, physical disabilities or mental health needs.</p> <p>Increase in the number of looked after children and reflecting latest forecasts. The Children's Services' data is improving, but not fully aligned as yet and a risk remains around the accuracy of the forecasts.</p> <p>Changes in waste disposal tonnage The current budget was based on a reduction in waste tonnage, which has not been met. The 2014-15 budget is therefore based on the actual level and budget assumptions are based on a stable position for 2015-16 and 2016-17</p> |
| 3) Legislative changes | <p>The budget estimates include the following assumptions with regard to current and future legislative changes</p> <ul style="list-style-type: none"> - Landfill – Budget estimates are based on a £8 per tonne increase in landfill tax costs for 2014-15. No further increases have been assumed for future years. - Cap on care costs – indications from Department of Health are that any additional costs through the introduction of a cap on individual's care costs will be fully funded. No additional costs have built into the budget estimates for this change in legislation |

| | |
|-----------------------------------|---|
| | <p>- NHS Funding – The Government announced changes in the NHS funding for social care costs. For planning purposes £4.2m has been included in the estimates for 2014-15 and a further £15m for 2015-16. However, there is considerable uncertainty around potential additional funding including the extent to which this will be required to meet new burdens and in which budgets (external to NCC) the funding currently exists.</p> <p>- A national single tier pension scheme is being introduced in 2016-17. This will mean that no one will opt out of the state provided earnings related pension scheme and this will change the employers national insurance contribution for those staff currently in the Local Government Pension Scheme (LGPS). Increased employer contributions have been based on the current payroll for staff in the LGPS</p> |
| 4) Policy decisions | The budget includes the financial impact of previous Cabinet decisions, including use of one-off funding within setting the 2013-14 budget and in-year decisions. |
| 5) Interest Rates | Budgeted interest earning on investments are based on the London Intra Bank Bid rate for money market trades. |
| Savings | |
| 6) Income | Inflationary increases to fees and charges have been included within the budget proposals. Changes to income either through expected reduction in income or initiatives to increase income generation are reported as individual budget proposals. |
| 7) Savings | <p>Savings have been identified across all services and range from productivity efficiency savings to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have reviewed and challenged the deliverability of savings.</p> <p>Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget monitoring process and reported to Cabinet, with management actions identified as necessary.</p> |
| Other Planning assumptions | |
| 8) Grant | The budget reflects funding announced within the 2014-15 Local Government Finance Settlement and plans for future years are based on the indicative settlement figures and high level Government forecasts of Departmental Expenditure Limits for Local Government. The budget report sets out the detail of key grants and states where any key areas of funding are yet to be announced. In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation. |
| 9) Financial risks inherent | Financial risks are included within the assessment of the level of |

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| in any significant new funding partnerships; major contracts or major capital developments | general balances. The financial risks arising from the Energy from Waste contract continue to be closely monitored and reflected within the County Council's budget proposals. The business case for the Digital Norfolk Ambition is fully reflected in the budget requirement for 2014-15. |
| 10) Availability of funds to deal with major contingencies | All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level of balances required. This approach is out in a separate report to Cabinet. |
| 11) Overall financial standing of the authority | <p>The Council treasury management activity is to both manage short term cash requirements and address the Council's borrowing need to fund capital expenditure on long-term assets either through long term borrowing or utilising temporary cash resources with the County Council pending long term borrowing. The approved strategy is to delay new borrowing, using cash balances on a temporary basis.</p> <p>At the 30th September 2013, the Council's outstanding debt totalled £507m. The Council continues to maintain its total gross borrowing level within its Authorised Limit of £687m for 2013-14. The Authorised Limit being the affordable borrowing limit required by section 3 of the Local Government Act 2003.</p> <p>There are four treasury related indicators to restrict treasury activity within certain limits and manage risk. These are; variable interest rate exposure; fixed interest rate exposure; maturity profile of debt and investments greater than 364 days. Monitoring is reported regularly to Cabinet on an exception basis.</p> <p>The Council's treasury management activities are regularly benchmarked against those of other local authorities. The County Council has upper quartile investment performance; is cost effective, pays comparable rates of interest on its debt and is effective at managing risk.</p> |
| 12) The authority's track record in budget and financial management | <p>As at the end of December 2013 (Period 9) the 2013-14 revenue budget is forecast to overspend by £0.434m on a net budget of £302.587m (gross £1,473.545m).</p> <p>The Council has a good track record of sound budget and financial management and Ernst and Young the Council's external auditors has issued an unqualified opinion on the 2012-13 accounts and concluded that the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> |
| 13) The authority's capacity to manage in-year budget pressures | The level of general balances are assessed as part of the budget setting process and reviewed monthly and reported to Cabinet as part of the monthly monitoring process. Review and challenge |

| | |
|---|---|
| | improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management. |
| 14) The strength of the financial information and reporting arrangements | Information on budget and actual spend is reported publicly and monitoring reports are published monthly through the year. Quarterly integrated finance and performance monitoring is reported to Cabinet and Overview and Scrutiny Panels. The reports are now on a risk basis, so that attention is concentrated on what is most important. |
| 15) The end of year procedures in relation to budget under/overspends at authority and departmental level | Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year end financial information is reported alongside services performance monitoring. The proposed year end arrangements will be reported to Cabinet in March 2014 for approval. |
| 16) The authority's insurance arrangements to cover major unforeseen risks | The County Council has a mix of self insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management. General balances include assessment of financial risk from uninsured liabilities. |

The County Council Capital Programme for 2014-17 was reported to Cabinet on 27th January 2014 and approved by County Council on 17th February 2014.
The full report can be viewed on the County Council website at:

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

The capital programme consists of two elements – schemes included in the current programme reported to Cabinet each month and new schemes funded through borrowing, capital receipts or grants and contributions from third parties.

The Total Capital Programme: £391.138m

The full Capital Programme for 2014-17, combining existing and proposed schemes, is presented in the following table with further detail to be found in Appendix A:

Table 3: Proposed Capital Programme £m

| Service | 2014-15 | 2015-16 | 2016-17+ | Total |
|-----------------------|----------------|----------------|---------------|----------------|
| Children's Services* | 69.460 | 35.012 | 8.946 | 113.418 |
| Adult Social Care | 9.060 | - | - | 9.060 |
| Cultural Services | 0.460 | - | - | 0.460 |
| ETD Highways | 80.101 | 60.222 | 63.500 | 203.823 |
| ETD Other | 10.026 | - | - | 10.026 |
| Fire & Rescue Service | 2.583 | 1.769 | - | 4.352 |
| Resources | 30.772 | 19.227 | - | 49.999 |
| Total | 202.462 | 116.230 | 72.446 | 391.138 |

*Further capital spend in Children's Services has been announced since the County Council approved figures. Details of this extra spend can be seen from page 149 of the Budget Book.

Financing the Programme

The capital programme is financed through a number of sources – grants and contributions from third parties; contributions from revenue budgets and reserves; and external borrowing and capital receipts.

New borrowing of £34.847m has been added to the existing programme alongside additional grant settlements and contributions of £131.787m. Of this funding, £110.665m is government grants detailed in Table 5.

The funding of the proposed programme is set out in the table below:

| Funding Source | 2014-15 | 2015-16 | 2016-17+ | Total |
|-------------------------------------|----------------|----------------|---------------|----------------|
| Internal Funding | | | | |
| Prudential Borrowing | 44.883 | 13.368 | 19.996 | 78.247 |
| Capital Receipts | 2.258 | 15.712 | 0.004 | 17.974 |
| Revenue and Reserves | 3.567 | - | - | 3.567 |
| | 50.708 | 29.080 | 20.000 | 99.788 |
| External Funding | | | | |
| Government Grants and Contributions | 125.489 | 84.092 | 52.446 | 262.027 |
| Other Grants and Contributions | 26.265 | 3.058 | - | 29.323 |
| | 151.754 | 87.150 | 52.446 | 291.350 |
| | | | | |
| Total | 202.462 | 116.230 | 72.446 | 391.138 |

Government Capital Grant Settlements 2014-17 £m

| Department | 2014-15 | 2015-16 | 2016-17+ |
|--|----------------|---------------|---------------|
| New Funding | | | |
| Department for Education | 1.939 | 8.520 | 8.946 |
| Department for Transport Block Grant (Indicative) | | 28.760 | |
| Department for Transport NDR Funding | | 19.000 | 43.500 |
| | 1.939 | 56.280 | 52.446 |
| Funding in Existing Programme | | | |
| Department for Education | 56.524 | 26.292 | |
| Department for Transport Integrated Transport and Structural Maintenance funding | 28.760 | | |
| Department for Transport NDR Funding | 20.000 | | |
| Department of Health | 7.482 | | |
| Department for Communities and Local Govt | 0.406 | 1.520 | |
| Department for Culture, Media and Sport | 10.378 | | |
| | 123.550 | 27.812 | 0.000 |
| | | | |
| Total | 125.489 | 84.092 | 52.446 |
| | | | |

Detailed capital programme 2014-17, including existing programme and new schemes

| Department/Project | 2014-15 | | | | | 2015-16 | | | | | 2016-17 | | | | | TOTAL PROGRAMME |
|---|--|----------------------|-------------------|--------------------------------|---------------|--|----------------------|-------------------|--------------------------------|---------------|--|----------------------|-------------------|--------------------------------|--------------|-----------------|
| | Unsupported Borrowing & Capital Receipts | Revenue and Reserves | Government Grants | Other Grants and Contributions | TOTAL | Unsupported Borrowing & Capital Receipts | Revenue and Reserves | Government Grants | Other Grants and Contributions | TOTAL | Unsupported Borrowing & Capital Receipts | Revenue and Reserves | Government Grants | Other Grants and Contributions | TOTAL | |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | |
| Children's Services | | | | | 69.460 | | | | | 35.012 | | | | | 8.946 | 113.418 |
| Children's Centres and Extended Schools | 1.360 | | 1.662 | | 3.022 | | | | | | | | | | | 3.022 |
| ICT | | 0.227 | 3.699 | | 3.926 | | | | | | | | | | | 3.926 |
| Basic Need | 0.067 | | 16.428 | 0.823 | 17.318 | | | 9.670 | | 9.670 | | | 8.946 | | 8.946 | 35.934 |
| Compliance with DDA | 0.195 | | | | 0.195 | 0.200 | | | | 0.200 | | | | | | 0.395 |
| SEN Review | 0.506 | | 0.080 | | 0.586 | | | | | | | | | | | 0.586 |
| Modernisation | 1.285 | 0.950 | 2.654 | | 4.889 | | | | | | | | | | | 4.889 |
| Specialised Diplomas | | | 0.151 | | 0.151 | | | | | | | | | | | 0.151 |
| School Based Projects | 0.450 | 0.283 | 2.005 | 0.082 | 2.820 | | | | | | | | | | | 2.820 |
| Social Care | 1.800 | | 0.223 | 0.710 | 2.733 | | | | | | | | | | | 2.733 |
| Sites | 0.022 | | 0.153 | | 0.175 | | | 0.175 | | 0.175 | | | | | | 0.350 |
| Free School Meals | | | 1.939 | | 1.939 | | | | | | | | | | | 1.939 |
| Other schemes | 0.448 | | 0.469 | 0.286 | 1.203 | | | | | | | | | | | 1.203 |
| 2013-14 Funding carried forward | 1.438 | | 29.000 | 0.065 | 30.503 | | | 24.967 | | 24.967 | | | | | | 55.470 |
| Adult Social Care | | | | | 9.060 | | | | | | | | | | | 9.060 |
| LPSA Domestic Violence | | | | 0.233 | 0.233 | | | | | | | | | | | 0.233 |
| Failure of kitchen appliances | 0.020 | | | | 0.020 | | | | | | | | | | | 0.020 |
| Adult Social Care IT Infrastructure | | | 0.100 | | 0.100 | | | | | | | | | | | 0.100 |
| Improvement East Grant | | | | 0.040 | 0.040 | | | | | | | | | | | 0.040 |
| Unallocated Capital Grant under consideration for HWC | | 0.785 | 0.436 | | 1.221 | | | | | | | | | | | 1.221 |
| DoH Grant 2012-13 Unallocated under consideration for HWC | | | 2.046 | | 2.046 | | | | | | | | | | | 2.046 |
| Prospect Housing - formerly Honey Pot Farm | | | 0.170 | | 0.170 | | | | | | | | | | | 0.170 |
| Great Yarmouth Dementia Day Care | | | 0.150 | | 0.150 | | | | | | | | | | | 0.150 |
| Adult Care - Unallocated Capital Grant | | | 4.240 | | 4.240 | | | | | | | | | | | 4.240 |
| Strong and Well Partnership - Contribution to Capital Programme | | 0.500 | | | 0.500 | | | | | | | | | | | 0.500 |
| Bishops Court - King's Lynn | | | 0.300 | | 0.300 | | | | | | | | | | | 0.300 |
| Rashes Green | | | 0.040 | | 0.040 | | | | | | | | | | | 0.040 |
| Cultural Services | | | | | 0.460 | | | | | | | | | | | 0.460 |
| Wymondham Library | 0.054 | | | 0.046 | 0.100 | | | | | | | | | | | 0.100 |
| Library Refurbishment Programme 12/13 | | 0.050 | | 0.050 | 0.100 | | | | | | | | | | | 0.100 |
| Hethersett Adaptations | 0.060 | | | | 0.060 | | | | | | | | | | | 0.060 |
| Library Improvements 14/15+ | 0.200 | | | | 0.200 | | | | | | | | | | | 0.200 |

| | | | | | | | | | | | | | | |
|--|---------------|--------------|----------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|--------|----------------|
| ETD Highways | | | | 80.101 | | | | 60.222 | | | | 63.500 | | 203.823 |
| Bridge Strengthening | | | 1.381 | 1.381 | | | 1.381 | 1.381 | | | | | | 2.762 |
| Cycling | | | 0.716 | 3.782 | 4.498 | | 0.755 | 1.432 | 2.187 | | | | | 6.685 |
| Local Safety & Local Road Schemes | | | 0.704 | 15.900 | 16.604 | | 0.650 | 1.200 | 1.850 | | | | | 18.454 |
| Other Schemes | | | 0.055 | 0.025 | 0.080 | | 0.075 | 0.025 | 0.100 | | | | | 0.180 |
| Public Transport Schemes | | | 0.525 | 3.274 | 3.799 | | 0.520 | 0.305 | 0.825 | | | | | 4.624 |
| Structural Maintenance | | | 25.379 | | 25.379 | | 25.379 | | 25.379 | | | | | 50.758 |
| LPSA reward grant | | | | 0.565 | 0.565 | | | | | | | | | 0.565 |
| Major Schemes | 7.550 | | 20.000 | 0.245 | 27.795 | 9.500 | | 19.000 | 28.500 | 20.000 | | 43.500 | 63.500 | 119.795 |
| ETD Other | | | | | 10.026 | | | | | | | | | 10.026 |
| Norfolk Energy Futures Ltd | 7.750 | | | | 7.750 | | | | | | | | | 7.750 |
| Drainage Improvements | 1.756 | | | | 1.756 | | | | | | | | | 1.756 |
| RAF Coltishall | | 0.450 | | | 0.450 | | | | | | | | | 0.450 |
| Closed Landfill Sites - Capping & Restoration | 0.070 | | | | 0.070 | | | | | | | | | 0.070 |
| Fire and Rescue Service | | | | | 2.583 | | | | 1.769 | | | | | 4.352 |
| Real Fire Training Unit 14-15 | 0.100 | | | | 0.100 | | | | | | | | | 0.100 |
| Other station improvements | | | 0.063 | | 0.063 | | | | | | | | | 0.063 |
| New Fire Station - Boat Store & Enhanced | | | | | | 0.153 | | | 0.153 | | | | | 0.153 |
| Flood Rescue Grant - DEFRA | | | | | | | | 0.096 | 0.096 | | | | | 0.096 |
| Kings Lynn Satellite Station | 1.862 | | | | 1.862 | | | | | | | | | 1.862 |
| Electric Vehicle Charging Sockets | | | | 0.132 | 0.132 | | | | | | | | | 0.132 |
| CERF Carrow FS PV solar panels | 0.076 | | | | 0.076 | | | | | | | | | 0.076 |
| Hethersett Fire Safety Phase 2 | | | | | | | | | | | | | | |
| CMW | 0.008 | | | | 0.008 | | | | | | | | | 0.008 |
| Compact Fire Appliances (CLG bid) 14-15 | | | | | | | 0.900 | | 0.900 | | | | | 0.900 |
| Unallocated capital grant (2014-15) | | | 0.343 | | 0.343 | | 0.620 | | 0.620 | | | | | 0.963 |
| Resources | | | | | 30.772 | | | | 19.227 | | | | | 49.999 |
| Asbestos Survey & Removal Programme (Chief Exec) | 0.620 | | | | 0.620 | | | | | | | | | 0.620 |
| Fire Safety Requirements | 0.110 | | | | 0.110 | | | | | | | | | 0.110 |
| Great Yarmouth Property Rationalisation | 0.420 | 0.162 | | | 0.582 | | | | | | | | | 0.582 |
| County Hall Refurbishment | 11.214 | | | | 11.214 | 7.300 | | | 7.300 | | | | | 18.514 |
| Better Broadband | 3.011 | | 10.378 | | 13.389 | 11.197 | | | 11.197 | | | | | 24.586 |
| Digital Norfolk Ambition | 2.857 | | | | 2.857 | | | | | | | | | 2.857 |
| Carbon Energy Reduction Fund | 1.100 | | | | 1.100 | | | | | | | | | 1.100 |
| Corporate Minor Works (CMW) & Equality Act | 0.733 | | | 0.008 | 0.741 | 0.730 | | | 0.730 | | | | | 1.471 |
| Coroners Tables Queen Elizabeth Hospital | | 0.160 | | | 0.160 | | | | | | | | | 0.160 |
| TOTAL | 47.142 | 3.567 | 125.489 | 26.265 | 202.462 | 29.080 | 84.092 | 3.058 | 116.230 | 20.000 | 52.446 | 72.446 | | 391.138 |

Capital bids and previously approved schemes to be funded from borrowing and unallocated capital receipts 2014-2017

| Service | Scheme | 2014-15 | 2015-16 | 2016-17 | |
|---|--|--------------|---------------|---------------|---|
| | | £m | £m | £m | |
| New bids | | | | | |
| Resources | County Hall security and fire safety measures (ref report to CROSP, 12 November 2013: County Hall Maintenance Programme) | 1.490 | 1.000 | | 1 |
| Resources | Digital Norfolk Ambition hardware (following reports to Cabinet 8 April and 7 October 2013) | 2.857 | | | |
| ETD | Dual Carriageway NDR including Postwick Hub, future year's funding (see below for 2014-15) Future year's estimates as per NATS strategy reported to Cabinet 4 November 2013. Funding to be supported by GNDP funding up to £40m. | | 9.500 | 20.000 | 2 |
| Sub-total new items | | 4.347 | 10.500 | 20.000 | |
| Items funded from borrowing included in on-going 2013-16 capital programme | | | | | |
| ETD | Dual Carriageway NDR including Postwick Hub (future years shown above). | 7.550 | | | 2 |
| ETD | Norfolk Energy Futures Limited investment fund | 7.750 | | | 3 |
| Resources | Asbestos Survey & Removal Programme (Chief Exec) | 0.620 | | | |
| Resources | Fire Safety Requirements | 0.110 | | | |
| Resources | Great Yarmouth Property Rationalisation | 0.420 | | | |
| Resources | County Hall strategic maintenance – main programme | 10.213 | 6.787 | | 4 |
| Resources | Better Broadband (excluding externally funded element) | 3.011 | 11.197 | | 5 |
| Resources | Carbon and energy reduction fund | 1.100 | | | 6 |
| Resources | Corporate Minor Works (CMW) & Equality Act (after re-allocations to County Hall programme) | 0.244 | 0.243 | | 7 |
| Items re-profiled from earlier capital programmes | | | | | |
| Children's services | Various projects, including items to be funded from borrowing for which funding from revenue and reserves, but where this funding was substituted for borrowing on other projects to | 7.571 | 0.200 | | |

| | | | | |
|---------------------------|---|---------------|---------------|---------------|
| | minimise the revenue impact of borrowing | | | |
| Community Services | Libraries Refurbishment | 0.314 | | |
| Community Services | Adult social care – failure of kitchen appliances | 0.020 | | |
| ETD | Drainage improvements at Household Waste Recycling Centres – a rolling programme of works to meet Environment Agency requirements | 1.756 | | |
| ETD | Closed Landfill Sites-Capping & Restoration | 0.070 | | |
| Fire and Rescue | Kings Lynn Satellite Station | 1.862 | | |
| Fire and Rescue | Fire Training Building and other station improvements | 0.184 | 0.153 | |
| Sub-total existing | | 42.795 | 18.580 | 0.000 |
| Total | | 47.142 | 29.080 | 20.000 |

Notes

- 1) County Hall security and fire safety measures: ref report to CROSP, 12 November 2013: County Hall Maintenance Programme.
- 2) NCC corporate funding for Dual Carriageway NDR includes Postwick Hub, and capital implications of the Airport Radar System as discussed by Cabinet 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.
- 3) NEFL: an “investment fund” to be allocated to projects as opportunities arise.
- 4) 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 amounts in addition to funds previously approved or allocated.
- 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 2013.
- 6) CERF: 2014-15 is the final year of the existing CERF bid.
- 7) As reported to CROSP, 12 November 2013: County Hall Maintenance Programme, it is proposed that elements of the Equality Act/DDA and Corporate Minor Works budgets are allocated to the County Hall Capital Maintenance Programme.
- 8) 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.

Detailed Capital Programmes for Highways and Children's Services

The most significant areas of capital expenditure are Highways and Children's Services and their detailed capital programmes were approved by Cabinet in March and April respectively.

The following pages sets out the key funding information for each of these services and the detail of capital schemes.

Highways Capital Programme

The Highways' Capital Programme was reported to Cabinet on 3 March 2014. The full report can be viewed on the County Council website at:

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

Structural Maintenance Budget Proposed Allocations 2014/15

(City & County)

| | 2014-15 |
|--|-------------------|
| Funding | £ |
| LTP Structural Maintenance Grant | 19,296,000 |
| County Contribution | 0 |
| Capital Integrated Transport Contribution | 5,487,000 |
| Additional Capital Integrated Transport Contribution | 0 |
| Supply Chain contribution | 0 |
| Winter damage Government Grant | 0 |
| Winter Damage Council additional contribution | 0 |
| Additional structural Mt grant autumn statement | 1,977,000 |
| | 26,760,000 |
| Spending | |
| Countywide specialist | |
| Bridges | 1,380,960 |
| Traffic Signal Replacement | 640,380 |
| Traffic Management | |
| HGV Signing | |
| Park & Ride | 56,991 |
| sub total | 2,078,331 |
| Roads | |
| Detrunk Principal Roads (Surfacing) | |
| Principal Roads (Surfacing) | 2,653,137 |
| Principal Roads (Surface Treatment) | 1,662,020 |
| Principal Roads (Joint repair) | 15,462 |
| Principal Roads (SCRIM) | 196,360 |
| sub total | 4,526,979 |
| B roads (surfacing) | 915,249 |
| B roads (surface treatment) | 974,224 |
| sub total | 1,889,473 |
| C roads (surfacing and haunch) | 948,084 |
| C roads (surface dressing) | 3,097,196 |
| sub total | 4,045,280 |
| U roads (surfacing and haunch) | 132,324 |
| U roads (surface dressing) | 3,049,395 |
| sub total | 3,181,719 |
| Structural Patching | 4,212,772 |
| sub total | 4,212,772 |
| Winter Damage Patching | 0 |
| sub total | 0 |
| | 17,856,224 |
| Contract costs etc. | 3,243,000 |
| Vehicle Restraint Systems | |
| Risk Assessment, | 32,000 |
| Design & works | 163,000 |
| | 195,000 |
| Footways & Drainage | |
| Area Managers Schemes | 180,000 |
| Footways - Category 1 & 2 | 450,000 |
| Footways Category 3 & 4 | 2,268,980 |
| Drainage | 488,466 |
| | 3,387,446 |
| Summary | |
| Total Structural Maintenance & Bridges Spending | 26,760,000 |

| Proposed Highways Capital Improvements Programme 2014/15/16 | | | | | | |
|---|---|----------|---------------|----------|--|--|
| Integrated transport - Scheme Type | Location / Description | 2014/15 | OTHER FUNDING | 2015/16 | OTHER FUNDING | Comments |
| Major schemes | Norwich Northern Distributor Road and Postwick Hub(Dft and NCC Corporate funding) | £0 | £27,550,000 | £0 | £28,500,000 | 2014/15 funding comprises £5m DfT funding + £15m Postwick Hub CIF funding + £7.55m NCC (LA Contribution) funding supported by GNDP funding up to £40m |
| | NDR - feasibility studies for associated, essential schemes | £0 | £100,000 | £0 | £0 | |
| | Great Yarmouth - Third River Crossing - Preliminary Design & Blight | £0 | £145,000 | £0 | £0 | final property purchases relating to blight (if not covered in |
| Public Transport Schemes | Norwich DDA Bus stop upgrades | £20,000 | £0 | £10,000 | £0 | |
| | County- DDA Bus stop upgrades | £55,000 | £0 | £40,000 | £0 | |
| | Diss - Vinces Road / Gilray Road DDA improvements to improve access to railway station car park | £35,000 | £0 | £0 | £0 | Improves access to railway station |
| | Norwich- Removal of general traffic from St Stephens Street and consideration of removal of general traffic from Surrey Street ("Better Bus Area" funded) | £0 | £110,000 | £0 | £0 | Scheme delivery is dependant on the outcome of a Judicial Review hearing in February. |
| | Norwich- New up-hill bus lane on Grapes Hill with retention of existing highway traffic lanes ("Better Bus Area" funded) | £0 | £663,000 | £0 | £0 | This project aims to cut bus journey times, improve reliability, with better access for taxis/bicycles in to the city. Scheme delivery is dependant on the outcome of a Judicial Review hearing in February. |
| | County- Strategic Traffic Light Priority | £10,000 | £0 | £10,000 | £0 | 10-15 sites across SCOOT Norwich, King's Lynn & Gt Yarmouth - location being supplied by bus operators |
| | County- DRT (Demand Responsive Transport) | £0 | £90,000 | £0 | £90,000 | to be progressed via developer contributions secured where DRT may be developed. |
| | County- Bus Shelter grants | £15,000 | £20,000 | £15,000 | £20,000 | No ongoing revenue costs and boosts localism by ensuring PC are involved contribute 50% with work kept local |
| | County- Advertising within bus station(s) outside norwich e.g. HD screens. | £25,000 | £0 | £0 | £0 | income to offset against on going revenue costs - opportunity to earn advertising income and also displaying County Council and other messages locally |
| | County- Footways which would allow a route to school to be declared safe to save revenue | £155,000 | £0 | £155,000 | £0 | contributes to reducing on going revenue costs of school transport provision which is a major area of spend for the authority. |
| | Norwich- coach parking site | £25,000 | £0 | £0 | £0 | Depends on outcome of study-provision for coach parking in the city |
| | Thetford - New Bus Interchange (Partnership scheme with Moving Thetford Forward) | £0 | £2,391,000 | £0 | £0 | NCC contribution of £300k committed in previous in previous years |
| | Norwich - Anglia Square / Edwards Street - Bus Interchange (part S106 funded) | £0 | £0 | £25,000 | £195,000 | |
| | Dereham - Town Centre Bus Interchange | £0 | £0 | £15,000 | £0 | |
| | North Walsham bus interchange | £10,000 | £0 | £150,000 | £0 | Dependant on identifying feasible site and detailed costs |
| | Diss Railway Station - Access Improvements between Car Park & New Housing Development | £0 | £0 | £0 | £0 | Long term aspiration for bus access - first item is improved footway cycle link |
| | Public transport information technology | £50,000 | £0 | £50,000 | £0 | Use of technology to improve passenger information (and NCC corporate information/messages where appropriate eg network disruption) |
| Thetford- CCTV at bus station | £50,000 | £0 | £0 | £0 | to enhance public safety at unmanned station | |
| Countywide Public Transport Interchanges | £75,000 | £0 | £50,000 | £0 | small measures across all inter changes | |

APPENDIX C: Proposed Highways Capital Improvements Programme 2013/14/15

| Integrated transport - Scheme Type | Location / Description | 2014/15 | OTHER FUNDING | 2015/16 | OTHER FUNDING | Comments |
|------------------------------------|--|----------|---------------|----------|---------------|---|
| Pedestrian & Cyclist Improvements | Rackheath - Eco town to Sprowston - Cycle Link (Other funding from Broadland DC) | £0 | £0 | £50,000 | £900,000 | Other funding from Broadland DC. Funding in year 2 of programme as scheme unlikely to proceed in year 1 |
| | Norwich- NATS IP – Cycle network implementation | £0 | £0 | £0 | £0 | |
| | Thetford - Queensway First & Middle School - Shared Use Cycle Facility between Fulmerston Road and Bury Road | £0 | £50,000 | £0 | £0 | Will only be progressed if Sustrans / Thetford Growth Point funding is available |
| | Wymondham- Harts farm cycle link - partnership with Sustrans | £15,000 | £0 | £85,000 | £100,000 | Joint funded with SUTRANS |
| | Fakenham infant and junior schools cycle link- partnership with Sustrans | £5,000 | £0 | £10,000 | £0 | |
| | Future Cycling Schemes | £15,000 | £0 | £20,000 | £0 | |
| | Dereham - Station Road / Norwich Road - Shared Use Facility (Part funded by S106 contributions) | £10,000 | £0 | £30,000 | £40,000 | |
| | Dereham-FP10 shared use footway-conversion to cycleway | £3,000 | £0 | £0 | £20,000 | |
| | Gt Yarmouth – Burgh Road to Hartrey's Road - Shared Use Link | £3,000 | £0 | £10,000 | £0 | joint funded with S106 funds |
| | Norwich- Cycle City Ambition-Magdalen Street contra flow | £100,000 | £110,000 | £0 | £0 | Other funding from DfT, City council and partners |
| | Norwich- Cycle City Ambition-Earlham road (Gipsy Lane-Christchurch rd) | £90,000 | £380,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Tombland and Palace St | £25,000 | £295,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Heathgate- Valley Drive | £25,000 | £485,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Salhouse Road (Hammond Way / Racecourse Inn) | £0 | £183,000 | £100,000 | £122,000 | |
| | Norwich- Cycle City Ambition-The Avenues | £0 | £650,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Park Lane/Vauxhall Street | £0 | £100,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Vauxhall Street/ Bethel Street | £0 | £819,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-20mph areas | £0 | £300,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Simplify cycling and loading in pedestrian areas | £0 | £55,000 | £0 | £0 | |
| | Norwich- Cycle City Ambition-Directional signage and clutter removal (to be done in phases) | £0 | £50,000 | £0 | £0 | |
| | Public Rights of Way in Towns & Villages - Urban Path Improvements | £30,000 | £0 | £30,000 | £0 | |
| | Cromer - Hall Road (A148 to Meadow Close) footway (47pts = joint 3rd priority) | £50,000 | £0 | £0 | £0 | |
| | South Walsham - School Road footway (school to Broad Lane) - (47pts = joint 3rd priority) | £10,000 | £0 | £60,000 | £0 | |
| | Future Footway Feasibility Schemes Fees | £10,000 | £0 | £10,000 | £0 | Allowance for 3 studies based on assessment points and buildability |
| | Hethersett - Henstead Road - Footway (links to potential) | £20,000 | £0 | £0 | £0 | |
| | Holt - Grove Lane (Pearson's Road to Meadow Close) - Footway phase 2 (50pts = 3rd priority) | £67,000 | £0 | £60,000 | £0 | |
| | Hempnall Coronation Crescent footway | £3,000 | £0 | £10,000 | £0 | 42 points and joint 11th priority on footway database |
| | Foulsham - Claypit Road Footway - (66pts = 1st priority) | £10,000 | £0 | £0 | £0 | |
| | Norwich- NATS IP- future walking schemes | £0 | £0 | £0 | £0 | |
| | Future Walking Schemes | £0 | £0 | £0 | £0 | |
| | Delivering local highway improvements in partnership with Town and Parish Councils | £150,000 | £250,000 | £150,000 | £250,000 | "other funding" includes £50k contribution from Norfolk Safety Camera partnership for SAM2 (Mobile "Flashing" signs) plus £200k match funding from Town/Parish Councils |
| | South Wootton - Castle Rising Road Pedestrian crossing | £5,000 | £0 | £50,000 | £0 | Potential zebra crossing on table; follow up to earlier pedestrian improvements (VAS; 30mph limit; wig-wags) to improve safety for school children |
| | Diss -A1066 Park Road Pedestrian Crossing (developer funded) | £0 | £55,000 | £0 | £0 | |
| | Gorleston - Cliff Park Infant & Junior School Pedestrian Improvements (formerly SHJ2S) | £0 | £0 | £10,000 | £0 | To aid schoolchildren and elderly residents crossing marine esplanade |
| | Future Road Crossing Schemes | £10,000 | £0 | £10,000 | £0 | |
| | Norwich- St Augustine's zebra crossing | £30,000 | £0 | £0 | £0 | |
| | Norwich- Aylsham Road by Buxton Rd pedestrian refuge | £30,000 | £0 | £0 | £0 | |
| | Norwich-NATS IP- future road crossings | £0 | £0 | £60,000 | £0 | |

| APPENDIX C: Proposed Highways Capital Improvements Programme 2013/14/15 | | | | | | |
|---|--|-------------------|--------------------|-------------------|--|---|
| Integrated transport - Scheme Type | Location / Description | 2014/15 | OTHER FUNDING | 2015/16 | OTHER FUNDING | Comments |
| Traffic Management, Road Improvements & Safety Schemes | A47 (Honingham) to A1067 (Lenwade) Link Road - post completion "lock-in" measures | £20,000 | £0 | £0 | £0 | Further measures- if required- to lock in benefits of re-routed traffic |
| | NATS IP Schemes - future design & implementation of schemes | £30,000 | £0 | £220,000 | £0 | |
| | Norwich- Hall Road ASDA- Signal crossings and junction improvements with cycle tracks to new supermarket (S278 funded) | £0 | £900,000 | £0 | £0 | |
| | Norwich- NATS IP- Chapelfield North & Westgate Public Transport Improvements (GNDP/S106/City Council funded) | £50,000 | £929,000 | £0 | £0 | Scheme delivery is dependant on the outcome of a Judicial Review hearing in February. |
| | Diss-Frenze hall Lane- carriageway and footway improvements S106 | £65,000 | £65,000 | £0 | £0 | Joint funded with £75k S106 funds and £70k LTP funds |
| | Great Yarmouth/Gorleston- A12/A143 link road (DfT "pinch point" scheme) | £0 | £5,944,000 | £0 | £0 | Funded by DfT/developer/GYBC |
| | Wymondham Postmill Close- Signal controlled and uncontrolled crossings and footway improvements.- (S278 funded) | £0 | £100,000 | £0 | £0 | |
| | Colney NRP Project 26 S278 Highway Infrastructure (S278 funded) | £0 | £1,100,000 | £0 | £0 | Improvement works in relation to Norwich research park |
| | Colney B1108 Watton Road Widening and Surfacing Works (developer funded) | £0 | £850,000 | £0 | £0 | Improvement works in relation to Norwich research park |
| | Keswick A140/B1113 junction improvements | £0 | £0 | £10,000 | £0 | Reduces congestion, and complement 12/13 signal improvements at nearby TESCO junction |
| | Thorpe Griffin Lane-New roundabout to housing development (S278 funded) | £0 | £500,000 | £0 | £0 | |
| | RAF Coltishall- site development-highway related improvements (NCC corporate funding) | £0 | £500,000 | £0 | £0 | Corporate project to develop RAF Cotishall site |
| | Kings Lynn Saturday Marketplace-Paving enhancement (KLBC funded) | £60,000 | £440,000 | £0 | £0 | Contribution to scheme funded by Kings Lynn Borough Council-contains highway improvements that will reduce future maintenance commitments |
| | Kings Lynn- Lynnsport Car Park- Car park modification and resurfacing (KLBC funded) | £0 | £220,000 | £0 | £0 | Funded by Kings Lynn Borough Council |
| | Theftord Mundford Road- Roundabout access to new supermarket (S278 funded) | £0 | £800,000 | £0 | £0 | |
| | Costessey (Longwater) Lodge Farm Phase 1 and 2- Road widening, junction improvements, traffic signals to housing development.(S278 funded) | £0 | £1,900,000 | £0 | £0 | |
| | Costessey - William Frost Way- slip road onto Dereham Road - (S106 funded) | £0 | £300,000 | £0 | £0 | |
| | Norwich - Future Waiting Restrictions / Minor Traffic Management schemes | £10,000 | £0 | £10,000 | £0 | |
| | North Walsham - Leadership of Place Pilot Project - Pedestrian Accessibility & Signing Improvements (part funded by NNDC) | £39,000 | £32,000 | £0 | £0 | |
| | Diss "Heritage Triangle" town centre enhancements (majority funding from Heritage Lottery for Diss Town Council) | £25,000 | £1,175,000 | £25,000 | £1,175,000 | Contribution to support Diss Town Council scheme funded by Heritage lottery. Benefits to pedestrian safety and traffic management |
| | Cantley and Beighton- highway improvements including VAS (S106 funded by British sugar) | £0 | £120,000 | £0 | £0 | Various highway safety/surfacing improvements funded by British Sugar £100k S106 fund |
| | Unallocated Traffic Management funding | £20,000 | £0 | £20,000 | £0 | |
| | Norwich- improvements to estate road corners to accommodate HGV over-run | £20,000 | £0 | £0 | £0 | Improved corners for all vehicles, particularly cyclists, reduced future maintenance |
| | Minor Traffic Management Schemes-county | £115,000 | £0 | £115,000 | £0 | |
| | Safety Partnership Schemes / contribution to maintenance schemes | £25,000 | £0 | £25,000 | £0 | |
| | Local safety schemes Feasibility / Preliminary Design | £0 | £25,000 | £0 | £25,000 | |
| | B1108 Bodney Bends AIP Study – £19k | £19,000 | £0 | £0 | £0 | |
| | A1075 Route Improvements (local Safety scheme) | £80,000 | £0 | £0 | £0 | |
| | A1151 Route Improvements (local safety scheme) | £80,000 | £0 | £0 | £0 | |
| | Hempton: B1146 crossroads (local safety scheme) | £14,000 | £0 | £0 | £0 | |
| Unallocated Local Safety Schemes | £32,000 | £0 | £225,000 | £0 | To be allocated to low cost Safety schemes with high rates of return identified through the year | |
| Other Schemes, Future Fees & Carry Over Costs | Fees for future schemes (studies/preliminary Design) | £35,000 | £0 | £35,000 | £0 | Assume this would fund 8 new feasibility studies; reduced in line with programme |
| | Pre-feasibility work | £0 | £25,000 | £0 | £25,000 | |
| | Retention / Land costs on completed schemes | £20,000 | £0 | £40,000 | £0 | |
| Totals: | | £2,000,000 | £50,776,000 | £2,000,000 | £31,462,000 | Total |

Children's Services Capital Programme

The total Children's Services' capital programme budget for approval is £124.926m. This comprises £113.418m approved by Cabinet (January 2014) and Council (February 2014) and a subsequent government grant allocation for Schools Capital Maintenance of £11.508m.

The proposed policy framework for the capital programme comprises three categories:

- A - Growth – developing the capacity of the estate to meet pupil number growth
- B - Implementing specialist, targeted and improvement strategies
- C – Improving the condition and efficiency of the estate.

Each category is broken down into a series of sub-categories, identifying areas of capital intervention which can be made to support improvement to the operational quality of premises (schools and children's homes). Schemes seek to address a combination of sufficiency, suitability and condition, according to the specific case.

The full report on the Children's Services' capital programme was reported to Cabinet on 14th April 2014 and can be viewed on the County Council website at

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

Children' Services Capital Programme 2014-17

Capital Funding

| Funding sources | 2014-15 | 2015-16 | 2016-17+ | Total |
|-----------------------------------|----------------|----------------|-----------------|--------------|
| Internal Funding | | | | |
| Prudential Borrowing | 6.286 | 0.200 | 0.000 | 6.486 |
| Capital receipts | 1.285 | 0.000 | 0.000 | 1.285 |
| Revenue and reserves | 1.460 | 0.000 | 0.000 | 1.460 |
| <i>subtotal</i> | 9.031 | 0.200 | 0.000 | 9.231 |
| External Funding | | | | |
| Government grants & contributions | 63.182 | 40.047 | 10.500 | 113.729 |
| Other Grants and contributions | 1.966 | | | 1.966 |
| <i>subtotal</i> | 65.148 | 40.047 | 10.500 | 115.695 |
| | | | | |
| Total | 74.179 | 40.247 | 10.500 | 124.926 |

| CS Capital programme 2014/17 | | | | | ANNEX A | |
|------------------------------|--------------------------------|--|---------------|--------------|--------------------------|--------|
| Existing and ongoing schemes | | | | | | |
| | Scheme | 2014/15 | 2015/16 | 2016/17 | Total funding 2014/15 on | |
| | | | | | £m | |
| Growth | A1 | Land Purchase | 1.486 | 0.000 | 0.000 | 1.486 |
| | A1 | Little Plumstead Extension | 1.354 | 0.000 | 0.000 | 1.354 |
| | A1 | Angel Road Infant | 0.160 | 0.000 | 0.000 | 0.160 |
| | A1 | Queen's Hill Phase 1 | 0.086 | 0.000 | 0.000 | 0.086 |
| | A1 | Catton Grove Primary | 2.365 | 0.000 | 0.000 | 2.365 |
| | A1 | Bignold Growth | 1.820 | 0.100 | 0.000 | 1.920 |
| | A1 | Mulbarton Junior Phase 1 | 0.050 | 0.000 | 0.000 | 0.050 |
| | A1 | Kings Lynn Academy EFA Build | 0.034 | 0.000 | 0.000 | 0.034 |
| | A1 | Kings Lynn Academy Land | 2.078 | 0.000 | 0.000 | 2.078 |
| | A1 | Thetford EFA costs | 0.245 | 0.000 | 0.000 | 0.245 |
| | A1 | Rackheath Primary | 0.012 | 0.000 | 0.000 | 0.012 |
| | A1 | Browick Rd Wymondham | 0.015 | 0.000 | 0.000 | 0.015 |
| | A1 | Poringland Primary | 0.695 | 0.000 | 0.000 | 0.695 |
| | A1 | Pulham Market Primary | 0.223 | 0.000 | 0.000 | 0.223 |
| | A1 | Queen's Hill phase 2 | 5.210 | 0.350 | 0.000 | 5.560 |
| | A1 | Thorpe St Andrew Sports Hall | 1.900 | 0.000 | 0.000 | 1.900 |
| | A1 | Mulbarton Phase 2 | 0.500 | 0.500 | 0.000 | 1.000 |
| | A1 | Dussindale Extension | 0.443 | 0.443 | 0.000 | 0.886 |
| | A1 | Westfield Infants Expansion | 1.366 | 0.896 | 0.000 | 2.262 |
| | A1 | West Lynn Primary | 0.280 | 0.000 | 0.000 | 0.280 |
| | A1 | Trowse Primary | 1.500 | 0.000 | 0.000 | 1.500 |
| | A1 | Robert Kett, Wymondham | 0.571 | 0.000 | 0.000 | 0.571 |
| | A2 | Feasibility studies | 0.069 | 0.000 | 0.000 | 0.069 |
| | A2 | Programme Management | 0.200 | 0.000 | 0.000 | 0.200 |
| | A3 | Ashwicken | 2.400 | 0.200 | 0.000 | 2.600 |
| | A3 | Gayton | 3.467 | 0.400 | 0.000 | 3.867 |
| | A3 | Drake Infant | 3.990 | 0.420 | 0.000 | 4.410 |
| | A3 | Hunstanton Amalgamation | 0.800 | 0.000 | 0.000 | 0.800 |
| | A3 | Lingwood and 3 Year Permanent | 0.200 | 0.000 | 0.000 | 0.200 |
| | A3 | Edward Worledge | 0.380 | 0.000 | 0.000 | 0.380 |
| | A4 | Hethersett Woodside Infant- phase 1 | 0.023 | 0.000 | 0.000 | 0.023 |
| | A4 | Hethersett Woodside Infant- phase 2 | 0.350 | 0.000 | 0.000 | 0.350 |
| A4 | Heartsease Primary Phase 2 | 0.320 | 0.000 | 0.000 | 0.320 | |
| A4 | Sproston Sparhawk Phase 1 | 0.130 | 0.400 | 0.000 | 0.530 | |
| A4 | North Walsham Junior | 0.443 | 0.443 | 0.000 | 0.886 | |
| A4 | Bignold phase 2 | 0.280 | 0.000 | 0.000 | 0.280 | |
| A4 | Sparhawk Phase 2 | 0.355 | 0.000 | 0.000 | 0.355 | |
| | Sub total Growth | 35.800 | 4.152 | 0.000 | 39.952 | |
| Targeted | B1 | Chapel Rd site | 0.250 | 0.000 | 0.000 | 0.250 |
| | B1 | Chapel Road | 6.070 | 4.430 | 0.000 | 10.500 |
| | B1 | Special educational needs | 1.001 | 0.000 | 0.000 | 1.001 |
| | B2 | Compass Centre West | 0.586 | 0.000 | 0.000 | 0.586 |
| | B4 | Children's Centres 3 | 0.151 | 0.000 | 0.000 | 0.151 |
| | B4 | Early Years Capacity Development | 1.001 | 0.000 | 0.000 | 1.001 |
| | B4 | Catton Grove 2 yr olds | 0.170 | 0.000 | 0.000 | 0.170 |
| | B4 | Peapods at Avenue Jun | 0.040 | 0.000 | 0.000 | 0.040 |
| | B4 | Earlham Nursery | 0.200 | 0.000 | 0.000 | 0.200 |
| | B4 | Valley Primary | 0.200 | 0.000 | 0.000 | 0.200 |
| | B4 | Cavell Primary | 0.275 | 0.000 | 0.000 | 0.275 |
| | B4 | Woodside One Pre school | 0.196 | 0.000 | 0.000 | 0.196 |
| | B4 | Bignold 2 yr olds | 0.090 | 0.000 | 0.000 | 0.090 |
| | B4 | Surestart Extended Schools 08/09 onwards | 0.700 | 0.000 | 0.000 | 0.700 |
| B8 | Looked After Children | 1.800 | 0.000 | 0.000 | 1.800 | |
| | Sub-total targeted | 12.730 | 4.430 | 0.000 | 17.160 | |
| Condition | C1 | Sustainability | 1.850 | 0.000 | 0.000 | 1.850 |
| | C1 | Pf efficiency improvements | 0.300 | 0.000 | 0.000 | 0.300 |
| | C1 | Carbon Reduction efficiency | 0.300 | 0.000 | 0.000 | 0.300 |
| | C2 | Sites Condition 2011/12 | 0.175 | 0.175 | 0.000 | 0.350 |
| | C2 | Capital Maintenance 2012/13 | 2.270 | 0.000 | 0.000 | 2.270 |
| | C2 | Capital Maintenance 2013/14 | 1.680 | 1.320 | 0.000 | 3.000 |
| | C2 | Brooke VCP, replacement school | 0.000 | 1.500 | 1.500 | 3.000 |
| | C2 | Swaffham sports hall | 0.622 | 0.078 | 0.000 | 0.700 |
| | C2 | Capital Maintenance 13-14 Unallocated | 0.255 | 0.000 | 0.000 | 0.255 |
| | C3 | Schools Access Initiative post 2011/12 | 0.195 | 0.200 | 0.000 | 0.395 |
| | Sub-total condition | 7.647 | 3.273 | 1.500 | 12.420 | |
| Other | D | Computers for pupils | 0.158 | 0.000 | 0.000 | 0.158 |
| | D | ICT Harnessing Technology | 3.259 | 0.000 | 0.000 | 3.259 |
| | D | ICT Mobile Tech for Children S Workers | 0.158 | 0.000 | 0.000 | 0.158 |
| | D | ICT Refresh 10-14 | 0.333 | 0.000 | 0.000 | 0.333 |
| | D | Home Access For Targeted Groups | 0.026 | 0.000 | 0.000 | 0.026 |
| | D | Specialised Diplomas | 0.151 | 0.000 | 0.000 | 0.151 |
| | D | School Based Projects | 0.200 | 0.000 | 0.000 | 0.200 |
| | D | Capital Furniture and equipment | 0.250 | 0.000 | 0.000 | 0.250 |
| | D | Devolved Formula Capital | 0.520 | 0.000 | 0.000 | 0.520 |
| | D | Sexual Advice Resource Centre | 0.100 | 0.000 | 0.000 | 0.100 |
| | Sub-total other schemes | 5.155 | 0.000 | 0.000 | 5.155 | |
| | Total existing schemes | 61.340 | 11.847 | 1.500 | 74.687 | |

Projects funded pre 14/15

| Strand | Projects funded pre-2014-15 Project | Major Project Expenditure (£ million) | | | |
|--------|--|--|--------------|-----------------------|--------------|
| | | 2013-14 | 2014-15 | 2015-16 and beyond | Total (2dp) |
| A | Queen's Hill to 630 | 0.24 | 5.21 | 0.35 | 5.80 |
| A | Hethersett Woodside Ph 2 | 0.00 | 0.35 | 0.00 | 0.35 |
| A | Heartsease Primary to 525 Ph 2 | 0.00 | 0.32 | 0.00 | 0.32 |
| A | Thorpe St Andrew Sports hall* | 0.00 | 0.00 | 1.90 | 1.90 |
| A | Mulbarton Inf/Junior Ph 2` | 0.28 | 0.50 | 0.50 | 1.28 |
| A | Dussindale Primary extension* | 0.02 | 0.44 | 0.44 | 0.91 |
| A | North Walsham Junior | 0.03 | 0.44 | 0.91 | 1.39 |
| A | Watton Westfield Infant | 0.05 | 1.37 | 1.37 | 2.78 |
| A | Bignold Primary to 630 | 0.08 | 1.82 | 0.10 | 2.00 |
| A | Sprowston Sparhawk Ph2 | 0.02 | 0.36 | 0.00 | 0.38 |
| A | West Lynn Primary | 0.20 | 0.28 | 0.00 | 0.48 |
| B | Eaton Primary | 0.01 | 0.37 | 0.00 | 0.38 |
| B | Sidestrand Hall 6th form | 0.01 | 0.62 | 0.00 | 0.63 |
| B | Sidestrand Hall ASD | 0.01 | 0.37 | 0.00 | 0.38 |
| C | Brooke replacement school | 0.00 | 0.00 | 3.00 | 3.00 |
| A | Thetford new primary school | 0.00 | 0.00 | 1.12 | 1.12 |
| A | Trowse replacement school | 0.00 | 1.50 | 0.00 | 1.50 |
| A | Hunstanton reorganisation | 0.00 | 0.80 | 0.00 | 0.80 |
| B | Chapel Rd enlargement/relocation | 0.01 | 6.06 | 4.43 | 10.50 |
| A | Robert Kett Sports Hall * | 0.03 | 0.57 | 0.00 | 0.61 |
| A | Little Plumstead extension | 0.01 | 0.50 | 0.85 | 1.36 |
| A | Drake Primary Thetford | 0.11 | 2.21 | 2.21 | 4.52 |
| A | Catton Grove Primary to 630 | 0.26 | 2.48 | 0.00 | 2.75 |
| | | | | | |
| | TOTAL | 1.37 | 26.56 | 17.18 | 45.11 |
| | | | | | |

Projects funded from new funding

| Strand | Project | Major Project Expenditure - indicative £m | | |
|--------|--|--|--------------------|-------------|
| | | 2014-15 | 2015-16 and beyond | Total (2dp) |
| B | Chapel Road supplementary | 0.5 | 0 | 0.5 |
| A | Trowse supplementary | 1.5 | 0 | 1.5 |
| A | Heartsease Primary supplementary | 1 | 1 | 2 |
| A | Attleborough new Primary | 0 | 6.5 | 6.5 |
| A | Wymondham High Academy Ph 2 | 0.8 | 0 | 0.8 |
| A | St Augustine's Costessey to 315 | 1 | 2 | 3 |
| A | St Martha's King's Lynn to 315 | 1 | 2 | 3 |
| A/C | Henderson Green to 210 | 0.5 | 1.5 | 2 |
| A | Gt Yarmouth Primary Academy to 630 Ph 1 | 1 | 2 | 3 |
| A | Avenue Junior final phase | 0.1 | 0 | 0.1 |
| A/C | Roydon Primary to 270 permanent | 0.5 | 0.5 | 1 |
| A | Gt Yarmouth reorganisation | 0.5 | 4.5 | 5 |
| A | Wymondham reorganisation/growth | 0.5 | 1.5 | 2 |
| A | Other growth and modular installations** | 0 | 4.7 | 4.7 |
| | | | | |
| | | TOTAL | 8.9 | 26.2 |
| | | | | 35.1 |
| | | | | |
| | <p>Growth solutions and individual budgets to be developed and prioritised with developer contribution where available for:</p> <ul style="list-style-type: none"> • Blofield Primary • Easton Primary • Suffield Park, Cromer • Hillcrest, Downham Market • Reepham Primary • Cawston Primary • Bawdeswell Primary (modular replacement) • Lyng VC Primary • September 2014, 2015 and 2016 modular installations | | | |

Appendix E

Medium Term Financial Strategy 2014-17

The Medium Term Financial Strategy the national and local factors which impact upon budget planning decisions. It details funding reductions and shows how the Council intends to manage the reductions, to make transformative changes and plan new initiatives, while meeting its statutory responsibilities. The Strategy was reported to Cabinet on 27th January 2014 and can be viewed on the County Council website at:

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

Appendix F

Annual Investment and Treasury Strategy 2014-15

The Annual Investment and Treasury Strategy presents the Council's investment and borrowing strategies for 2014-15, including the criteria for choosing investment counterparties.

Despite an improvement in general economic and financial indicators, the environment in which the Council's treasury activity operates remains challenging. Interest rates remain at historic lows and investment opportunities are focused upon a small group of UK counterparties. As long term borrowing rates continue to rise, the "cost of carrying" debt in the short term increases. Longer term borrowing rates must be closely monitored and a flexible approach to borrowing adopted.

The 2014-15 Strategy was reported to Cabinet on 27th January 2014 and approved by County Council in February. The full report can be view on the County Council website at:

http://www.norfolk.gov.uk/Council_and_democracy/Your_Council/Committees/DisplayResultsSection/Papers/index.htm?Committee=Cabinet

Schools Funding

Schools funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. Since April 2013 the DSG has been based on a new funding model that has arisen following the Governments "School Funding Reform: Next steps to a fairer system". This sees the DSG being split into three funding blocks: The Schools block, the High Needs block and the Early Years block.

The total DSG allocation received in 2014-15 was confirmed in March 2014 and totals £530m before academy recoupment, this is after the top slice for carbon reduction credits (CRC) of £1.2m. This compares to a total DSG allocation of £527m in 2012-13. The Schools block totals £432m, representing £4,333.80 per pupil, the Early Years block totals £25m, representing £3,705.04 per pupil, and the High Needs block totals £64m, as the high needs funding is based on a place plus basis (a set amount of money is allocated for each placement and the additional amount is based on need) it is not possible to give a per pupil amount. The overall difference in the DSG allocation from the prior is set out in the table below:

| Funding element | 2013-14 (£m) | 2014-15 (£m) | Change (£m) | Explanation for change |
|--|----------------|----------------|--------------|--|
| Early Years | 25.350 | 24.979 | -0.371 | Reduction in pupil numbers |
| Schools Block | 430.464 | 431.630 | 1.166 | Increase in pupil numbers |
| High Needs block | 64.187 | 66.424 | 1.062 | Increase in place estimate |
| 2 year old funding | 6.418 | 9.461 | 3.043 | Increase in entitlement to 2 year old funding |
| Transition funding for 3 year olds | 0.094 | 0 | -0.094 | End of transition arrangements following end of 90% funding floor protection |
| Newly Qualified Teachers | 0.151 | 0.151 | 0 | No change |
| Share of grant previously paid to non-maintained special schools | 0.011 | 0.011 | 0 | No change |
| Carbon Reduction Credit | | -1.173 | -1.173 | Removal of schools from CRC energy efficiency scheme |
| | | | | |
| Total | 526.675 | 530.308 | 3.633 | |

From 2014-15, primary Free School Meals (FSM) 'Ever 6' pupils will attract £1300 per pupil which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £935 per pupil will be allocated for secondary FSM 'Ever 6' pupils. In 2013-14 the pupil premium for these

pupils was £900 per pupil. FSM 'Ever 6' pupils are pupils who have been registered for free school meals at any point in the last six years.

The pupil premium plus for looked after children will have increased from £900 in 2013-14 to £1900 per pupil in 2014-15. The eligibility has been expanded to include those who have been looked after for one day or more, as compared with the 6 months in care currently required. The role of the virtual school head will be enhanced to ensure that, as the 'corporate parent' of looked after children, the virtual school head works closely with schools to ensure the funding is used to maximum effect.

For the first time in 2014-15 the pupil premium plus will include children who have been adopted from care or leave care under a special guardianship or residence order. This change recognises that the needs of those children who leave care do not change overnight. The Local Authority will receive £1900 for each eligible pupil adopted from care who has been registered on the school census to pass onto schools based on need and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.

Children with parents in the armed forces will be continued to be supported through the service child premium. In 2014-15, the service child premium will be set at £300 per pupil.

The Local Authority also receives the Education Services Grant (ESG) for 2014-15 and is based on a total figure of £1.03 billion transferred from local government funding as announced in December 2012. The grant is allocated on a per-pupil basis to local authorities. The grant is not ring fenced and is intended to fund for the statutory duties that a local authority retains regardless of the type of school they attend and education services where there is local authority responsibility for maintained schools and where academies have direct responsibilities. The movement of responsibilities to academies means that when a maintained school converts to an academy, funding is recouped from the local authority by the Education Funding Agency to passport to academy.

The per pupil amount for the ESG general funding rate for local authorities has decreased from the previous year from £116.46, £436.73, and £494.96 per pupil in mainstream, PRUs (Pupil Referral Units) and special schools respectively to £113.17, £424.38, and £480.97.

The Schools Block

The Schools Block is distributed to schools through a funding allocation formula. This is based on a number of agreed factors, that represent the characteristics of a schools, and are split between pupil led factors (Basic Entitlement per pupil, deprivation, English as an additional language, and pupil prior attainment) and other non pupil led factors (a lump sum, a sparsity factor, split school sites, rates costs, and PFI funding). Schools individual budgets are also protected by a minimum funding guarantee of -1.5%, meaning that no individual school budget will fall by more than 1.5% when compared to the prior year assuming pupil numbers remain

constant. To ensure that this can be funded from the DSG a funding cap is also implemented meaning that no individual school budget will increase by more than 1.45% as a result of the funding changes.

The Government's Funding Reform implemented in 2013-14, removed the flexibility of local authorities to include different lump sums for primary and secondary schools. In 2014-15 the Department for Education introduced the sparsity factor and is now allowing authorities to again have separate lump sums for primary and secondary/all-through schools in response to concerns over the funding methodology for rural schools. Sparsity and Lump Sum are considered together here, because of their interaction within the formula, and in particular, their impact on small schools.

These new arrangements address the difficulty of setting a single lump sum for all school types and the significant loss in funding for small schools, in particular small secondary schools.

The new Sparsity factor is intended to afford some protection for necessary small schools in remote, sparsely populated areas. Allocating additional funding to enable such schools to remain viable is judged necessary where children cannot realistically be expected to attend another school due to the distance they live from the nearest alternative school.

A small school is defined in line with Norfolk's Strategy for Small Schools at 50 pupils for primary schools and 505 pupils for secondary schools. These schools are only then defined as sparse if they meet the Department for Education's assigned sparsity distance measurement.

These changes to the lump sum and sparsity will reduce the impact that the original Funding Reform had on small secondary schools, and allows the distribution formula to be set at a level (in conjunction with the sparsity factor) that protects small primary schools in sparse areas at a similar level to the 2013-14 formula.

The Early Years Block

The Early Years block funds direct places in a variety of settings including nursery schools, preschools, and childminders along with county wide operational teams. The terms of the grant stipulate that the county wide costs should be no greater than 10% of the Early Years block, which at 6.7% Norfolk's costs fall within. Special educational needs funding for early years provision comes from the High Needs Block.

| | |
|-----------------------------|---------------|
| Early years Block | £m |
| Nursery Schools and Classes | 5.952 |
| 3 and 4 Year old provision | 17.330 |
| County Wide teams | 1.697 |
| Total | 24.979 |

The High Needs Block

Schools are expected to fund the first £6,000 of each pupil's additional needs from their individual school budgets. The High Needs Block funds the additional needs services and provision, above the initial £6,000, through a mixture of services including in house services, services commissioned through schools and complex need schools, and externally provided specialist services.

| High needs block | £m |
|--|---------------|
| Special Schools | 20,600 |
| Specialist Resource Bases | 4,561 |
| SEN Cluster Funding | 9,312 |
| Personal Budgets | 60 |
| Independent alternative education | 20,540 |
| NCC Operational Services | 4,726 |
| Speech & Language Therapy | 774 |
| Early years high cost support | 540 |
| Additional High needs places and top ups | 1,215 |
| Post 16 High Needs | 4,096 |
| Total | 66,424 |

Work Programme

Report by interim Head of Finance

The Committee should consider the programme set out below.

| | |
|---|---|
| June 2014 | |
| NAS Quarterly Report Quarter ended 31 March 2014 | Interim Head of Finance |
| Monitoring Officer Annual Report 2013-14 | Head of Law |
| Annual Internal Audit Report 2012-13 | Interim Head of Finance |
| Statement of Accounts 2013-14 Update | Interim Head of Finance |
| Annual Governance Statement and the Review of the Effectiveness of the Governance Framework, including the System of Internal Control 2013-14 | Interim Head of Finance |
| Risk Management Report | Interim Head of Finance |
| Audit Committee Work Programme | Chairman |
| September 2014 | |
| NAS Quarterly Report Quarter ended 30 June 2014 | Interim Head of Finance |
| Risk Management Report | Interim Head of Finance |
| Statement of Accounts 2013-14 for Approval | Interim Head of Finance |
| Letter of Representation for Statement of Accounts 2013-14, Annual Governance Report and Draft Annual Audit Letter | Interim Head of Finance/External Auditors |
| Internal Audit Plan for the second half of 2014-15 | Interim Head of Finance |

| | |
|--|--|
| Norfolk Pension Fund Governance Report | Interim Head of Finance |
| Treasury Management Governance Report | Interim Head of Finance |
| Audit Committee Work Programme | Chairman |
| January 2015 | |
| NAS Quarterly Report Quarter ended 30 September 2014 | Interim Head of Finance |
| Risk Management Report | Interim Head of Finance |
| Norfolk Audit Services: Review of Internal Audit Terms of Reference, Code of Ethics and Strategy | Interim Head of Finance |
| Norfolk Audit Services: Review of Internal Audit Terms of Reference, Code of Ethics and Strategy | Interim Head of Finance |
| A Half yearly update of the Audit Committee | Chairman |
| Internal Audit Plan for the first half of 2015-16 | Interim Head of Finance |
| Anti-Fraud and Corruption Update | Interim Head of Finance |
| External Audit Update Report | Interim Head of Finance/External Audit |
| Audit Committee Work Programme | Chairman |

Officer Contact:

If you have any questions about matters contained in this report 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 Adrian Thompson 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.