Norfolk County Council

Policy and Resources Committee

Date:	**Monday, 8 February 2016**
Time:	**10 am**
Venue:	**Edwards Room, County Hall, Norwich**

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

Membership

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Castle
Mrs H Cox
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Mackie
Mr I Monson
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

For further details and general enquiries about this Agenda please contact the Committee Officer:
Tim Shaw on 01603 222948
or email committees@norfolk.gov.uk

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A g e n d a

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

2. Minutes **(Page 7)**

To agree the minutes from the meeting held on 30 November 2015

3. Members to Declare any Interests

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

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

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

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

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

If that is the case then you must declare an interest but can speak and vote on the matter.

4. To receive any items of business which the Chairman decides should be considered as a matter of urgency

5. Local Member Issues

Fifteen minutes for local members to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 3 February 2016**

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Section A – Items for Discussion and Decision/Action

6 Agreeing a 3 Year County Council Strategy – Re-imagining Norfolk and Revenue and Capital Budget

9 Procurement of a Social Care System **(To Follow)**

Report by Executive Director of Resources and Executive Director of Adult Social Services

<u>Section B – Items for Report</u>

10 Financial Savings/Monitoring Reports

A Finance Monitoring Report P8 November 2015 **(Page 149)**
Report by Executive Director of Finance

B Delivering Financial Savings 2015/16- Month 8 **(Page 183)**

Report by Executive Director of Finance

11 Notifications of Exemptions Under Contract Standing Orders **(Page 215)**
Report by Executive Director of Resources

12 Decisions Taken Under Delegated Authority **(Page 218)**

Report by Managing Director

13 Exclusion of Public

The Committee is asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the items below on the grounds that they involve the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee will be presented with the conclusions of the public interest tests carried out by the report author and is recommended to confirm the exclusion.

14 Acquisition of land at London Road, Attleborough for a new primary school building—Exempt Information **(Page223)**

Report by Executive Director of Finance and Executive Director of Children's Services

Group Meetings

Conservative	9:00am	Conservative Group Room
UKIP and Independent Group	9:00am	UKIP and Independent Group Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

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Head of Democratic Services
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Date Agenda Published: 29 January 2016

IN TRAN
communication for all

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 30 November 2015
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mrs J Leggett
Mr C Jordan
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

Substitute Members present:
Mr T Garrod for Mr I Monson

Members Present:

Mr R Coke
Mr J Joyce
Mr P Smyth
Mrs C Walker
Mr R Bearman
Ms A Kemp
Ms E Morgan
Mr J Timewell
Mr B Spratt

1.1 Apologies

1.1A Apologies for absence were received from Mr I Monson.

1.2 **Leader's Announcements**

1.2 **Abellio Greater Anglia Service**

1.2.1 The Leader reported that the Managing Director of the County Council had written to the Managing Director of Abellio Greater Anglia to express deep concern at the unacceptable level of service provided by Abellio Greater Anglia in recent weeks, with over 900 trains being cancelled across East Anglia in the last two weeks alone. The main concern related to the disruption caused to local commuters and the fact that for five consecutive days, there had been no trains between Great

Yarmouth and Norwich due to “poor rail conditions”. The reply that the Managing Director had received from Abellio Greater Anglia could be found as an appendix to these minutes. The County Council was continuing to pursue this matter.

2A **Minutes**

2A.1 The minutes of the previous meeting held on 26 October 2015 were confirmed by the Committee and signed by the Chairman subject to the addition of the word “significant” in paragraph 7.2 before the words “…changes to the Council’s framework of pay and other employment terms and conditions.”

2B **Matters Arising from the Minutes**

2B.1 It was noted that a response was awaited from Mr. Joyce, Chairman of the Children’s Services Committee, about the letter that he had received from the Minister of State for Children and Families, Edward Timpson MP (minute 1.2E).

2B.2 With regard to minute 6B.2, it was noted that the comparative average figure for the volume of retrospective purchase orders for business practices outside of the County Council was 22%.The Executive Director of Finance said that it was not yet possible to provide the Committee with a comparison between the average value of spending on retrospective purchase orders at the County Council and the average value of spending at business practices elsewhere. This information would be reported to the next meeting of the Committee.

2B.3 Mr M Wilby asked for details outside of the meeting about the “ground breaking” ceremony for the Northern Distributor route.

3 **Declarations of Interest**

3.1 Mr A Proctor declared a Disclosable Pecuniary Interest in Broadland Growth Limited (a company mentioned in the report at item 12 on the agenda about direct property developments and disposal of land and properties). He said that he would leave the Committee room when Members considered this issue and take no part in the decision.

4. **Item of Urgent Business**

4.1 There were no items of urgent business.

5 **Local Member Issues**

5.1 There were no local Member issues.

6 **Financial Savings/Monitoring Reports**

6A **Finance Monitoring Report Period 6 September 2015**

6A.1 The annexed report (6A) by the Executive Director of Finance was received. The Committee received a report that summarised the Period 6 (September 2015) forecast financial outturn position for 2015-16, to assist Members maintain an overview of the overall financial position of the Council, including the budgets for which this Committee was directly responsible.

6A.2 In reply to questions, the Executive Director of Finance said that the figures in the report at item 6A on the agenda related to the Council's forecast revenue overspend and the figures at item 6b related to the total shortfall in departments savings for which alternative savings would need to be identified. Since the two sets of figures related to separate issues it was not possible to make direct comparisons. Officers within the Finance Directorate were working on actions to deliver savings or reductions in the revenue overspend figure which was expected to reduce thorough out remainder of the financial year. Of particular note in period 6 was the increased underspend in finance general which had increased by £2.8m since period 5.

6A.3 Members' drew attention to the recommendation of the Adult Social Care Committee that sufficient funding was essential for the transformation programme in adult social care to successfully achieve budget savings. The Adult Social Care Committee had asked the Policy and Resources Committee to ensure that sufficient resources were available to make this happen.

6A.4 Some Members were of the view that the Policy and Resources Committee should do more than note the recommendation of the Adult Social Care Committee. They added that the Adult Social Care Committee was of the view that the risk rating for the transformation project should be red.

6A.5 In reply, the Chairman said that he fully recognised that considerable support and resources were needed for the transformation programme to succeed and sufficient funding would be made available for this purpose.

6A.6 Officers added that rigorous recovery action was being taken within adult social care to reduce in-year spending as far as possible.

6A.7 In response to questions about the possibility of an increase in Council Tax for 2015/16, Mr Roper said that the public consultation documents on the Council's website had been updated to take account of announcements on Council Tax made by the Chancellor of the Exchequer as part of the 2015 Spending Review; it was too early to make any decisions on this matter before the public consultation had come to an end.

6A.8 **RESOLVED** to note:

a. the period 6 forecast Revenue overspend of £5.743m (previous period 5, overspend £8.755m) on a net budget of £318.428m, as set out in Appendix 1 of the report;
b. a resolution of the 9 November 2015 ASC Committee in respect of the ASS Transformation Programme, as set out in Appendix 1 paragraph 5.4 of the report;
c. the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
d. the forecast financial information in respect of Resources and Finance

budgets which are the responsibility of this Committee, as set out in Appendix 2 of the report;

e. the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 3 of the report;
f. support and contribute to the development of the 2016-19 capital programme, as described in Capital Annex 2 of the report.

6B **Delivering Financial Savings 2015/16**

6B.1 The annexed report (6B) by the Executive Director of Finance was received.

6B.2 The Committee received an update report that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting on 16 February 2015.

6B.3 Following discussion, the Committee **RESOLVED** to note:

a. the forecast total shortfall of £12.216m in 2015-16, for which alternative savings needed to be identified;
b. the budgeted value of 2015-16 savings projects rated as RED of £19.251m, of which £6.688m were now forecast to be delivered;
c. the forecast savings shortfall on AMBER rated projects of £0.204m; and
d. the forecast over-delivery of GREEN and BLUE rated projects totalling £0.551m.

7 **Mid-Year Treasury Management Monitoring Report 2015-16**

7.1 The annexed report (7) by the Executive Director of Finance was received.

7.2 The Committee received a mid-year monitoring report on the treasury management activities of the County Council for the period 1st April 2015 to 30th September 2015.

7.3 In reply to questions, the Executive Director of Finance said that the County Council continued to maintain its total gross borrowing limit within its authorised borrowing limit and that the County Council would find that there was little, if any, benefit in changing its borrowing limit to take advantage of continuing low base lending rates.

7.4 Members' were also informed that the County Council was in discussions with NORSE about the increased loan securitisation that was required for NORSE to have a monetary lending limit of a further £15m for long term capital loans of up to 7 years, and for those loans to be included in the Council's capital programme, as set out in the recommendation at paragraph 5.6 of the report.

7.5 The Committee **RESOLVED** to endorse and **RECOMMEND** to County Council the mid-year Treasury Management Monitoring Report 2015-16, including revisions to the 2015-16 Investment Strategy, as detailed in Section 5 of the annex of the report.

8. **Staff Car Parking**

8.1 The annexed report (8) by the Executive Director of Finance was received.

8.2 The Committee received a report about a package of measures recommended by the Members Working Group to manage demand for workplace car parking in the face of asset efficiency being achieved through consolidation of staff teams into fewer buildings resulting in greater intensification in the use of the buildings to be retained. Initially, these proposals would only apply to County Hall which would remain the core office base where staff numbers were expected to grow thereby creating increased pressure for workplace parking.

8.3 The Committee was assured that the parking requirements of disabled Members of staff would be fully protected and that the Member Working Group would be reconvened earlier than October 2016 should any outstanding issues need to be resolved in the meantime.

8.4 The Committee was informed that the approval of the City Council Planning Committee would be required for increased car parking capacity within the County Hall campus.

8.5 It was suggested by some Members that the Committee should only recommend to the Council the recommendations numbered four, five and six in the report, and that the results of the staff consultation about staff car parking should be reported back to this Committee before they were reported to the Council.

8.6 Mr Dunning, speaking on behalf of UNISON, said that UNISON welcomed the proposed consultation with staff and the opportunity for it to have an input into shaping the final stages of the process so that the needs of certain groups of staff were protected.

8.7 The Chairman moved the recommendations contained in the report subject, at the suggestion of Mr Roper, to the addition of the following words at the end of the eighth recommendation:

”…”for the final decisions to be made alongside the results of the staff consultation.”

8.8 On being put to the vote there were 8 votes in favour of the motion moved by the Chairman and 8 votes against, whereupon, on the casting vote of the Chairman, it was **RESOLVED** to **RECOMMEND** that the Council:

1. Approve revisions to eligibility for workplace parking permits at County Hall with effect from 1 April 2016 as follows:
   a. Employees living within 1 mile of County Hall would no longer be eligible for parking permits
   b. New employees living within 3 miles of County Hall would not be eligible to receive workplace parking permit.

c. Employees whose main work location was not County Hall will no longer be eligible for workplace parking permit.

2. Approve the introduction of a second Non Parking Day at County Hall for all employees eligible for workplace parking permits.
3. Approve the introduction of charging employees for the use of workplace parking on their Non Parking Day at County Hall on a "pay as you go" and agree that this was set at £5 per day.
4. Instruct Officers to seek planning consent for increasing car parking capacity within the County Hall campus.
5. To note that in addition work would be done to promote and further facilitate alternative means of travel to County Hall such as walking, cycling, car sharing and use of public transport.
6. To agree that employee consultations were undertaken on the above proposals to identify and help mitigate operational and equalities impacts.
7. To agree that the Members Working Group be reconvened in October 2016 to review effectiveness of the above measures.
8. Refer P&R's decisions on the above recommendations to Full Council for the final decisions to be made alongside the results of the staff consultation.
9. Delegate to the Executive Director of Finance the responsibility for implementing the changes agreed by Full Council to the Car Parking Policy.

9 **Review of Financial Standing Orders**

9.1 The annexed report (9) by the Executive Directors of Finance was received.

9.2 The Committee received a report that recommended updates to the Financial Regulations of the County Council. The recommendations that the Committee made to Full Council included changes to reflect the establishment of a new Corporate Property Team.

9.3 **RESOLVED to RECOMMEND** to the County Council:

The updates to the Financial Regulations that were contained in the report.

10. **County Hall Programme**

10.1 The annexed report (10) by the Executive Director of Finance was received.

10.2 The Committee received a report that provided an update and overview of the major programme of works that were undertaken at County Hall. The report indicated that the programme was on schedule to complete all the works within scope in April 2016 and within budget.

10.3 It was suggested that the arrangements for cyclists to park at County Hall should be reassessed to take account of changes within the County Hall site generally and that the timing of the glass barriers within the entrance area of County Hall should be changed to allow sufficient time for those with walking impediments to pass through them unhindered.

10.4 Mr Jordan said that the areas of the County Hall complex (mentioned in paragraph 2.3 of the report) that were outside the scope of the current programme of work should be included for the sake of completeness before the project came to an end. In reply, officers said that to undertake this work would require between £3m and £4m of additional funding being made available in the capital programme. The Chairman said that at no stage had these areas of the building being included in the scope of the County Hall programme. He asked officers to produce a detailed business case into the viability of this work being undertaken.

10.5 **RESOLVED** to:

a. Note the progress made on the County Hall programme;
b. Commission a further report in spring 2016 outlining a strategic plan for the development or disposal of Carrow House.

11 **Health and Safety Mid-Year Report**

11.1 The annexed report (11) by the Executive Director of Resources was received.

11.2 The Committee received a report that provided key updates on information in the annual report presented in July 2015, also comparing against national performance indicators. Additionally, updates were provided on work carried out by the HSW Team which contributed to the 2015/16 work strands identified in the July 2015 annual report.

11.3 Members' drew attention to the pilot study (mentioned in the executive summary of the report) into the merits of coaching new headteachers in their health and safety responsibilities and into ensuring the County Council's health and safety management system was maintained in schools. Members suggested that the results of this study might be of benefit in other areas of County Council work.

11.4 **RESOLVED** to:

Note the Health, Safety and Well-being Mid-Year report.

12 **Direct Property Developments and Disposal of Land and Properties**

12.1 Mr A Proctor, having declared a Disclosable Pecuniary Interest in Broadland Growth Limited (a company mentioned in the report) left the Committee room while the Committee considered this item and took no part in the matter.

12.2 The annexed report (12) by the Executive Director of Finance was received.

12.3 The Committee received a report that included proposals to support the Council's priorities for focussing on key objectives of the Council's Asset Management Plan to proactively exploit the latent value of the property portfolio and release capital resources for other priorities. The Committee also received on the table copies of a brochure that illustrated the commercial nature of the projects that were mentioned in the third of the recommendations in the report.

12.4 The Committee gave its full support to the proposed course of action set out in the report. It was noted that suitable checks would be made to ensure that the correct level of consultation had taken place with landowners and tenants affected by the disposal of the land mentioned in the report and that Local Members continued to be consulted on property disposal issues in accordance with established procedure.

12.5 The Committee **RESOLVED to:**

1. Authorise further work was undertaken to assess options for delivering direct property developments and report back to the Committee with recommendation in March 2016.
2. Authorise the disposal of land at Lingwood and land at Blofield, east of Plantation Road and authorise the Corporate Property Officer to directly negotiate with Broadland Growth Ltd on terms and conditions to be agreed in consultation with the Executive Director of Finance and the Chair of P&R Committee.
3. Confirm and formally declare each of the following sites surplus to County Council use and agree, following a viability assessment, to be developed or disposed of on terms to be agreed by the Corporate Property Officer in consultation with the Executive Director of Finance and the Chair of P&R Committee:
a. The Oaks, Harvey Lane, Norwich.
b. Marham Road, Fincham.
c. Row Hill Farm Barns, Hindringham.
d. Vicarage Barns, Elmham.
e. Former Ticket Office site, Surrey Street, Norwich.

13 **Re-procurement of Telephony & Data Network Services**

13.1 The annexed report (13) by the Executive Director of Resources was received.

13.2 The Committee received a report about how the County Council was nearing the end of the procurement process to buy a replacement network to cover its corporate requirements. The new contract was expected to deliver substantial savings compared to the current arrangements and be made available to those organisations which currently shared our network (including schools some district councils and the Norfolk and Suffolk Foundation NHS Trust); to all other public bodies in Norfolk; and to public bodies in neighbouring counties.

13.3 With reference to paragraph 1.6 of the report, it was pointed out that the County Council's "principal call off" arrangements would no longer include Broadland District Council which (together with Norwich City Council) would have their own "principal call off" arrangements within the new contract. With reference to paragraph 1.17 of the report, it was pointed out that services which had a direct impact on end users, such as telephony and contact centre services, would not be altered until September 2016 at the earliest.

13.4 Mr Roper said that if the Working Group had significant concerns about the contract then the matter would be reported back to the Policy and Resources Committee to take the final decision.

13.5 The Committee was informed that to enable time for a managed transition for the re-procurement of telephony and data network services, the Council would need to sign the new contract before Christmas. To give some flexibility in timing for the final stage of the procurement, and to enable detailed member review of the proposed award decision, the Committee **RESOLVED** to:

Delegate the award decision to the Executive Director of Resources, in consultation with the Member ICT Working Group.

14A **Managing Director's Strategic Update: Devolution**

14A.1 The annexed report (14A) by the Managing Director was received. The Committee also received an amended Appendix A to the report which had been circulated with a supplementary agenda.

14A.2 The Managing Director explained the work that was being undertaken to progress a good devolution deal for Norfolk and Suffolk, including the Challenge Session that local authority leaders and the LEP had held with Lord Heseltine on 4 November 2015, the next steps in the process for Norfolk, the wider policy context and the other deals that were announced to date.

14A.3 In reply to questions, the Managing Director said that the Challenge Session had discussed the possibility of extending the Norfolk and Suffolk deal to take in Cambridgeshire. However, Cambridgeshire appeared to be more interested in joining with London and Essex, rather than with Norfolk and Suffolk, and there was merit in embedding a Norfolk and Suffolk deal at the earliest opportunity, rather than waiting for Cambridgeshire to make its aspirations more clear.

14A.4 The Committee **RESOLVED** to:

a. Note the progress to date
b. Agree that the Leader and Managing Director continue to pursue negotiations together with our partners to obtain the best devolution deal for Norfolk, in preparation for decision of a Devolution deal by Full Council.

14B **Managing Director's Strategic Update: Re-Imagining Norfolk**

14B.1 The annexed report (14B) by the Managing Director was received.

14B.2 The Committee received a report that provided information on selected areas of work being undertaken across the Council to implement the report on Re-Imagining Norfolk agreed by the Council in June 2015.

14B.3 The Committee was informed that the Re-Imagining Norfolk team were undertaking a systems wide review of priorities across the Council to align the priorities of the Council with those of its partners and other public services. A performance framework for these priorities, including a timetable, would be reported to the Committee in February 2016.

14B.4 The Committee **RESOLVED** to note:

a. Development of a virtual public service for Norfolk – working with other local authorities, police and the NHS.

b. The Corporate Bid Team – the latest on the work of this team which was established to make Norfolk successfully compete for external grants, as one of our initiatives to raise more revenue
c. Member workshops on implementing the Council's four priorities of real jobs, excellence in education, infrastructure and supporting vulnerable people.

The meeting concluded at 1.00 pm

Chair

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Dr Wendy Thomson, CBE
Managing Director
Norfolk County Council
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27 November 2015

Dear Wendy,

Thank you for your letter dated 24th November regarding the service we've provided in recent weeks.

I would like to begin by apologising to you and all of the residents that were affected by the problems we faced earlier this month. I know that Jonathan has been in touch with you directly already, both to update you on the situation as it developed and was addressed, but also to clarify some misapprehensions in your letter about the restoration of services and how we have fulfilled the commitments we made to you and other stakeholders in our correspondence with you.

Further to Jonathan's most recent emails, I must reiterate how unprecedented this year has been in terms of diesel unit availability. It's always difficult at this time of year, but nothing like as problematic as conditions this autumn have been.

I can honestly say we haven't seen so many trains out of service all at once for this reason in previous years. Despite sending trains to Ilford and Derby (which have lathes to repair the wheels), the diesel units were suffering wheel damage faster than we could get them repaired and back into service. It is also worth noting that we have an additional train set in use on local services that we hired last year, beyond our core franchise fleet, without which the position would have been even more difficult.

I'm pleased to confirm that, as you will have heard, the fleet situation has improved over the past week, and we restored the normal timetable on the Norwich to Great Yarmouth route on Monday, 23 November. However, I know the circumstances were particularly frustrating because on Monday morning, Network Rail suffered points failures at Reedham and Acle and these prevented access to and from the Yarmouth line.

I'm well aware of the disruption these infrastructure problems caused and I really do understand the impact that this sort of incident has on our customers, especially when people are trying to get to work and other important personal arrangements. Our Train Running Controllers were ready and waiting to get trains moving again once Network Rail engineers had rectified the problems and re-opened the line but, as Jonathan mentioned to you, we did have sufficient diesel units ready to operate a full service between Norwich and Yarmouth on Monday. The Great Yarmouth line is normally one of our most punctual routes and it's frustrating to see that good record dented by recent events.

We are continuing to put pressure on Network Rail to improve their performance and I know they're committed to restoring more reliable performance on our franchise. We can see the effort is going in, but we must see the results and we are now increasing the number of daily and weekly meetings with Network Rail to see what more can be done to prevent these highly disruptive infrastructure issues from occurring in the first place.

Returning to the recent fleet problems we've faced, I appreciate the situation this autumn has been unacceptable. In the short term, we're now providing special compensation arrangements for weekly, monthly, and annual season ticket holders on the Norwich to Great Yarmouth route so that these customers can be refunded for their daily travel cost for all of the days that the rail services were suspended and substituted with a bus replacement service. We have put posters at all stations on the Great Yarmouth line, as well as providing details via station and on-train staff and on the website to encourage those affected to claim.

Looking further ahead, we will be holding a full review of the issues in partnership with Network Rail to ensure the situation is improved for future years. We have already spoken with the Department for Transport and emphasised the need to ensure that actions identified are delivered regardless of the timing and outcome of the franchise renewal process.

However, it's quite clear that there are two big issues which need to be reviewed and the first of these is Network Rail's railhead treatment programme. Ultimately it's the railhead conditions which caused the wheel damage and the conditions have clearly been far worse than ever before, and this suggests the preventative measures taken by Network Rail were not effective enough this year. We are working with Network Rail to achieve a more effective programme from them for next year.

We'll also be looking at what we can do to try and prevent such damage to our fleet, and to enable quicker repairs if they are needed. Obviously in the long-term franchise (which starts next October) there is an opportunity to look at providing an additional wheel lathe at our Crown Point depot in Norwich so that the trains don't have to be sent away for repairs to wheel damage.

On the subject of our fleet, you may already be aware that we're currently implementing a large number of reliability improvement schemes (e.g. those impacting doors, couplers and traction motors for example). One of these preventative measures includes an industry-leading piece of work that our Fleet department are leading on. They are currently developing various new modules for our remote train monitoring system, and these will remotely track hundreds of components on the train and send warning signals to our engineers when a component shows the tell-tale signs of failure. This will allow them to replace a component before it causes a train to fail, rather than after, and we are convinced that we will see positive results on the back of this investment.

In addition to this, we have recently engaged an external company to assist us in a major transformational change for our Engineering Team. The external company has extensive experience in the airline industry, oil and gas, plus the rail industry. They specialise in the 'planning-led' approach to engineering. In broad terms, this seeks to utilise intricate and independent planning to ensure that all planned and indeed unplanned Fleet work and repairs can be carried out in the most efficient way possible. The stated objective is to increase productivity by 30%, which will lead to greater reliability and availability (as the levels of 'deferred' work will reduce). It will also create further resource to implement the considerable number of existing reliability improvement initiatives more quickly. The change is a substantial one and involves structural change to create the independent planning function, but the external team started with us a month ago now and we are beginning to make progress. The investment is a big one, but it is absolutely necessary, as we do need to generate greater reliability from our ever ageing fleet, before it is replaced in the next franchise.

In summary, there is an awful lot of hard work going in to ensure we don't see this situation repeated next year, and our Bid team are also considering a range of different improvements that could be delivered as part of the new franchise to ensure we continue to improve train services across East Anglia and the rest of our network.

Thank you for taking the time to write to me regarding these issues, and if you have any other queries then please do get in touch.

Yours sincerely,

Jamie Burles
Managing Director

P&R Committee

Item No 6 i

Report title:	**Re-Imagining Norfolk – the County Council Plan**
Date of meeting:	**February 8th 2016**
Responsible Chief Officer:	**Managing Director Dr Wendy Thomson**

Strategic impact
Re-Imagining Norfolk - the County Council Plan - provides strategic direction for the Council, to guide and shape choices about investments and priorities for the coming medium term period – 2016-2019

Executive summary

The County Council Plan is the vehicle for articulating the role and priorities set out in Re-Imagining Norfolk, the Council's agreed strategic framework. The Plan is part of the policy framework and as such is subject to Full Council approval.

The Plan is a high level whole-council strategy which is not intended to describe and catalogue everything the Council does. It exists to :

- Outline the strategic context for the Council
- Provide direction and guide strategic and resource choices
- Establish the strategy for each of the themes set out in Re-Imagining Norfolk.
- Communicate and ensure the delivery of the Council's ambitions and priorities for Norfolk people, including:
- How services will be provided in new ways in partnership with other public services
- Improvements to the Council's internal organisation

Core to Re-Imagining Norfolk is to make a positive impact on Norfolk and its residents by focussing the council's activities and resources on its four priorities (agreed by Council):

- Excellence in education
- Real jobs
- Better infrastructure
- Supporting vulnerable people

At the same time meeting its statutory service responsibilities in new and innovative ways.

Policy and Resources is asked to:

- **Comment on the overall County Council Plan as set out in this paper**
- **Note and comment on the whole-council improvement areas, including the targets in Appendix One**
- **Recommend Re-Imagining Norfolk - the County Council Plan to Full Council for agreement.**

1. Background

1.1 At Council on February 22nd 2016, Councillors will be asked to agree a three-year medium term service and financial strategy, as well as an annual budget for 2016-17.

1.2 The County Council Plan, which is part of the Council's policy framework, will provide strategic direction for the council, to guide and shape choices about investments and priorities for the coming medium term period – 2016-2019.

1.3 The Council's priorities and strategic direction were initially considered in June 2015, when the Managing Director set out Re-Imagining Norfolk as a framework for the future direction of the Council in an era of reduced central government grant.

1.4 Within the framework of Re-Imagining Norfolk, each committee has been developing a medium term strategy, through considering how it would re-design its services with 75% and 85% of its current resources.

1.5 This report brings together a synthesis of those cross-council discussions into a draft County Council Plan for 2016-19, for consideration by all committees in the January cycle.

1.6 The report is being submitted to each committee to be discussed before the budget paper, in order that resource decisions can be made within a strategic framework for the council as a whole and ensure that the Council's final plan is developed through an iterative process leading to its final adoption by Council.

2. Purpose of the County Council Plan

2.1 The County Council Plan sets the strategic direction for the Council over the medium term. At a time of diminishing resources and rising demand, it has never been more important for the Council to focus its efforts and resources to secure an impact on the most important outcomes for residents.

2.2 The County Council Plan is intended to be a high level whole-council strategy; it does not describe and catalogue everything the council does. The purpose of the Plan is to:

- Outline the strategic context for the Council
- Provide direction and guide strategic and resource choices
- Establish the strategy for each of the themes set out in Re-Imagining Norfolk.
- Communicate and ensure the delivery of the Council's ambitions and priorities for Norfolk people, including:
- How services will be provided in new ways in partnership with other public services
- Improvements to the Council's internal organisation

2.3 Policy and Resources Committee at its meeting on September 28th 2015 agreed that individual service committees would ensure the delivery of the corporate strategy through their departmental and service responsibilities, and set out their plans in a way that their impact and outcomes can be managed, tracked and communicated.

2.4 At this stage, each committee is being asked to comment on the overall framework for the County Council Plan, a set of whole-council priorities, with measurable targets.

2.5 The County Council Plan is part of the Council's policy framework; as such, responsibility rests with Policy and Resources Committee to recommend the plan to Council for agreement at its meeting February 22nd 2016.

2.6 More detailed committee service plans will then be developed and considered during the March committee cycle and reported to council in April.

3.0 Strategic context for the Council

3.1 This decade is witnessing huge changes in the scope and scale of public services. After several decades of growth, the new normal facing local government is continuing resource reductions at a time of growing demand for services.

3.2 In Norfolk, as in other parts of the country, there are challenges serving an ageing population, a more mobile population, rapid technological advances and social changes which, among other things, see people living further away from family support networks. There are high expectations from citizens who in other fields of society value 'one-touch' services which are efficient and individual to them.

3.3 In Norfolk, the numbers of births and deaths have stayed constant over the last five years, as has the number of people aged under 65. But within this there has been a substantial increase (12%) in the population aged over 65, imposing increasing strains on health and social care systems.

3.4 In Norfolk by 2026, one in three of our population will be aged over 60, and 18,000 people will be aged over 90, compared with 10,300 today. Whilst many enjoy good health, there are above rates of prevalence for people living with chronic diseases including diabetes, heart disease, chronic kidney disease and stroke.

3.5 Demographic and social changes are generating ever-increasing demand for services, particularly health and social care. The public service institutional landscape in Norfolk is complex and fragmented, with many local health and community service bodies commissioning and delivering services for our population. On the receiving end of this are Norfolk individuals and families who find themselves engaging with many different professionals and organisations through may different processes. Not only is this often frustrating to our customers, it is also inefficient and costly.

3.6 These trends of the last five years point to an urgent need for re-design of health and social care systems. Council provided services were set up for a different era. With many more people now living longer with multiple chronic conditions, there is a pressing need to shift services from residential to community care.

3.7 There are major infrastructure challenges for the county; road and rail investment is still seen as lagging behind other parts of the country, basic amenities are still required to enable development and there are clear but unrecognised cost implication of delivering services to a rural area.

3.8 Local government responsibilities and financing are changing radically. The Cities and Local Government Devolution Bill sets out the latest terms for progressing the localism agenda. Following the referendum on Scottish sovereignty, and building on the commitment to fuel the Northern powerhouse, devolution of central government powers and functions within England has taken on a greater focus in Westminster. Local government is looking at a future where it is expected to be far less reliant on central government grant, and instead finance its services and economic development by the revenue it collects locally.

3.9 This means that the over the coming years, the Council's resources will be tied to the county's prosperity and economic growth, making it ever more important for the county council to build the infrastructure and generate the jobs that enable people to be more independent. In four years time, government has announced that 100% of business rates will be retained locally and revenue support grant will be ended.

3.10 It has never been more important to be ambitious for Norfolk. The county is committed to deliver 65,000 new homes and 45,000 new jobs over the next ten years.

3.11 With a dynamic and changing population, we need to attract and keep the tech savvy generation - good graduates, young entrepreneurs, whilst still building the skills of an already strong and resilient workforce.

3.12 Norfolk County Council is well prepared to meet these challenges. In 2015 the Council agreed its four strategic priorities:

- Excellence in Education
- Real Jobs
- Improving Infrastructure
- Supporting the vulnerable

3.13 The priorities of the Council are designed to make us a voice for Norfolk's future, with a well-educated population, well placed to benefit from a changing economic landscape, and with a local environment and business sector able to seize opportunities in a changing economy.

3.14 Norfolk itself has the potential to prosper in the coming decades. The county possesses;

- A thriving knowledge economy
- The very best in scientific research
- Thriving ports and offshore business
- Cutting edge manufacturing
- Improving connections – road, rail and high speed broadband
- Vibrant culture, stunning landscapes and world class heritage giving a high quality of life
- A location close to London and Cambridge, two of Europe's fastest growing cities.

3.15 There is a renewed sense of ambition and aspiration for Norfolk, energised by the opportunity to make a case of devolution in partnership with other councils in Norfolk and Suffolk, and the Local Enterprise Partnership. Over the life of this strategy, regardless of the outcome of the devolution discussions, the Council will continue to make the case for Norfolk as a place to live, work and invest in.

3.16 In this socio-economic context, we also need to take account of changing policy agendas affecting local government. Looking to the recent past, public health has been transferred from the NHS to local government, providing additional capacity and powers to local government.

3.17 National education policy has encouraged the transfer of schools from local authority control to Academies and free schools, creating a challenging landscape for the council to meet its responsibilities for ensuring effective school improvement, and a school place for every Norfolk child that needs one.

3.18 Increasingly councils such as Norfolk have decided to commission more of its services via third party contracts rather than by directly employed staff. Over the past few years, the council has transferred many of its functions to external agencies such as Norse and Independence Matters as well as procuring many services through traditional procurement routes. This way of securing a mixed supply of services creates new challenges and opportunities for the council to deliver on its priorities.

3.19 In this changing context, local government and the wider public service needs to meet increasing demographic demands by doing things differently to make the most positive impact on people’s lives.

4. Financial prospects

4.1 Since 2010, the Government’s direction of travel has been “self-sufficiency” for local government, and this drive has increased significantly following the General Election in 2015, signalling devolution, and a move to 100% retention of business rates in 4 years time.

4.2 Over the last five years, we have met the triple challenge of:

- Grant reductions from government
- Changing demographics, affecting particularly adults social care
- No increase to council tax

4.3 Between 2011 and 2016, the Council will have made savings of £245m, many have been through efficiencies and staff transfers; the Council’s directly employed staff has reduced by about 20% between 2010 and 2014.

4.4 The planned replacement of revenue support grant with 100% retention of business rates creates an incentive for local government to generate economic growth. Other national funding programmes, such as the New Homes Bonus, also incentivise growth through housing development, particularly a source of additional revenue for district councils.

4.5 The 2015 Spending Review announced that local government funding from central government is planned to decrease by 56% in real terms, although this is expected to be offset in part by retained business rates and higher council tax. The Government anticipates overall local government spending to rise by £0.2bn in cash terms (from £40.3bn in 2015-16 to £40.5bn in 2019-20), representing a total real terms decrease of 6.7%, based on current inflation forecasts.

4.6 The 2015 spending review has these implications for the County Council going forward:

- Locally retained business rates and phasing out of revenue support grant by the end of the Parliament
- A transfer of as yet unspecified "new responsibilities" to local government;
- Greater flexibility to raise council tax to fund Adult Social Care;
- An assumption that more revenue will be raised locally by increased council tax
- Changes to New Homes Bonus grant funding.

4.7 Although the Government has now provided indicative four-year allocations of funding as part of the provisional local government finance settlement, it remains clear that the Council faces a substantial financial challenge, with the first two years of the Spending Review set to be the toughest for local government. Norfolk will see an overall reduction in core government funding (Settlement Funding Assessment) of 12.91% in 2016-17 compared to the adjusted 2015-16 baseline, and 11.10% in 2017-18.

4.8 Furthermore, the Government's new methodology for the distribution of grant, takes into account the ability to raise funds locally via council tax. This approach has a disproportionately adverse impact on shire counties and results in significant reductions to revenue support grant (RSG). Shire counties will see an average reduction in RSG of 34.1% in 2016-17 against their adjusted 2015-16 allocations.

4.9 Although Norfolk is relatively protected amongst shire counties due to its higher dependency on government funding, the County Council is still due to receive a 26.09% reduction in RSG compared to the adjusted 2015-16 position. This is slightly below the average for all authorities in England (27.6%), but higher than the average reductions faced by inner London authorities (21.5%) and metropolitan districts (24.0%).

4.10 For the first time, the Government has made assumptions about the growth in local authorities' funding from council tax, and in particular assumes that councils will raise council tax by both CPI and (where applicable) the Adult Social Care precept, alongside significant assumed increases in the tax base.

4.11 Councils which fail to raise council tax in this way will be increasingly underfunded against the Government's funding expectations. For Norfolk County Council, an increase in council tax of £76.901m is forecast in the Government's assumptions by 2019-20 compared to the 2015-16 baseline – amounting to a 24.7% increase in the funding from council tax across the period. The achievability of such significant increases is not certain.

5. Our strategy in response to Norfolk's challenges

5.1 The county needs a forward-looking and ambitious strategy to promote the interests and future of Norfolk people and respond to the challenges we face. It must have

- An outward focus to promote the county as a place,
- A policy focus to deliver our priorities and services,

- An inward focus, to improve our organisation

5.2 The Council agreed four priorities in February 2015. These core commitments go beyond our statutory responsibilities and avoid retreating to minimum levels of service. We aim for:

- A well-**educated** and skilled population
- With ‘**real’ jobs** which pay well and have prospects
- **Improved infrastructure** - air, sea, road, rail, broadband and mobile network coverage
- Vulnerable people **supported** – more living independently and safely in their communities

5.3 The Council has to find ways of working which support communities and individuals to become more self-sufficient. These priorities do just that.

5.4 Helping more people into real jobs, obtaining good qualifications, within a county which is accessible and connected to the rest of the country are key to Norfolk’s future. With economic growth and sustainable services, people living here will be able to lead independent and fulfilling lives. Just as important is for our most vulnerable residents to have access to a continuum of community services.

5.5 We will sustain a sharp, sustained focus on achieving these priorities, which are set out in more detail in figure 1. Over the life of this strategy there are a set of whole-council improvements which we consider critical to the overall strategic direction of the Council in the next three years - these are highlighted in bold.

5.6 **The’ County Plan Tracker’ (Appendix 1)** gives more background as to why these have been identified and includes measures and targets for each.

Fig.1

Priorities – the starting point for the outcome framework (also known as population outcomes). Members have identified these as the most significant areas of work that Norfolk County Council are concerned with achieving as they represent key areas that will achieve the greatest impact for Norfolk and its Communities.

Excellence in education	Real Jobs	Good Infrastructure	Supporting vulnerable people

Sub-Outcomes – the second level of the outcome framework which explains the detail behind each of the priorities. This gives a clear indication of what 'good' looks like and what the people of Norfolk should expect to see and experience in their own lives.

Excellence in education	Real Jobs	Good Infrastructure	Supporting vulnerable people
Children and young people are ready and able to learn Learners realise their potential People value education as a means to living independently	Secure more high value jobs Make Norfolk the first choice for business More people who are able to work have the opportunity to do so	**Infrastructure** makes it a great place to live, work and visit **Communities** are resilient, confident and safe	**All vulnerable people** who live, work, learn and are cared for will be safe Vulnerable people are more self- reliant and independent
1. More children start secondary school (aged 11 at the expected level in reading and mathematics **2. All schools and education establishments are judged good or better by Ofsted** 3. Children reach the expected early learning goals by the time they start key stage 1 (age 5) 4. Children make a least expected progress and most make better than expected progress at primary school 5. Children make a least expected progress and most make better than expected progress at secondary school 6. 14 to 19 year olds are encouraged & guided to make appropriate choices 7. Young people reaching adulthood feel equipped to make life choices and to take responsibility for themselves and their future	**1. More people have jobs that pay moreand have better prospects** **2. People on benefits can find work quickly** **3. More people are supported to start and successfully grow their own business** **4. More people with learning disabilities secure employment** 5. There are more high value jobs in Norfolk's growth sectors 6. Businesses are attracted here and prosper 7. Businesses grow sustainably 8. A highly skilled workforce encourages investment	**1. A good transport network and journey times** **2. All of Norfolk is connected via fast internet** **3. Growth from housing developments is delivered sustainably** **4. Households produce less waste and we have lower costs of dealing with it** **5. Fewer people are killed or seriously injured on Norfolk roads** 6. People and their property are better protected from flooding and climate impact 7. Norfolk's environment is protected 8. Individuals, communities and public service working better together	**1. More children are able to live in a permanent family setting** **2. More people live in their homes for as long as they can** **3. Fewer people need a social care service from NCC** 4. Fewer vulnerable people die in accidents and incidents including fires 5. Children and young people are safe from harm 6. Vulnerable adults are safe from harm 7. People know who to ask for the right help, information or advice 8. Wherever possible people with long term conditions manage their own care

6. Towards a 'Norfolk public service'

6.1 Successfully tackling the challenging issues facing Norfolk will not be successfully achieved by the council working alone.

6.2 A key part of this strategy is to move towards a Norfolk public service, working across organisations and within communities to give people a seamless continuum of services, targeted at those who need them most. It's about redesigning services around people's lives, achieving better outcomes at less cost; working with partners and communities locally, and sharing premises.

6.3 Following the Norfolk Public Service Summit in September 2015, all 7 district councils, Norfolk Constabulary and the County Council have agreed to collaborate on a set of key themes. They reflect the key challenges facing the County Council, and also have potential to duplication and deliver better value.

6.4 There are the following themes:

- Promoting independence for adults – focusing on older people, people with disabilities, adults with learning difficulties and people with mental health issues. The emphasis is on better access to early help and prevention, re-directing people to community solutions, delaying the need for formal services.
- Supporting children and families– preventing the cycle which leads children into the criminal justice system. The emphasis is on early help, sharing better intelligence, and planning with families whom agencies already know.
- Economic growth for Norfolk – through collaboration across Norfolk and Suffolk on devolution.
- One public estate – maximising our estates and buildings, supporting service re-design and looking for opportunities to co-locate services and reduce the space and number of buildings occupied by public sector partners in each locality.
- Street scene – making better use of the resources and teams we have on the ground in different localities, removing duplication and reducing costs overall
- Waste costs Norfolk taxpayers over £50m per year for services delivered across the public service organisations in the county: including collection, management, disposal and recycling.
- Information and intelligence – pooling information – both client based and population based – where we can to respond better to families and communities, particularly those at risk from harm.

6.5 **Norfolk whole health and social care system**

6.6 The integration of health and social care is a critical element of our move towards a seamless Norfolk public service, and the government's agenda for public service reform. Hence alongside the development of the local public service summit, the County Council has initiated a process that brings together the leadership across Norfolk's five CCGs, three hospital trusts, two community health trusts, one mental health trust, the ambulance service, independent service providers, NHS England (eastern region), and the newly established NHS Improvement.

6.7 After a series of productive planning sessions, enabled by Sir John Oldham, this group of agencies has defined the 'Norfolk Principles of Care' to be embedded in all of our services, and proposed a 'transformation executive' composed of Chief Executives across the local authority and NHS . Its overarching purpose is to improve health outcomes for the population of Norfolk through the delivery of successful programmes at scale.

6.8 It has established a series of workstreams to tackle the most important issues facing the health and social care system in Norfolk, and agreed to work at practical solution at pace, recognising the burning platform driving the system. The workstreams are:

- **Keeping me at home – particularly care for frail elderly and** those with multiple long term conditions, including mental ill health. The aim is to have a comprehensive approach to helping people avoid admissions to hospital.
- **Future care and sustainability -** Improving the care within and sustainability of acute and secondary care including mental health services across Norfolk. The workstream will also look at new designs for primary and community health care services.
- **Prevention and wellbeing -** Engaging and motivating citizens and their communities in preventing ill health, recognizing that many more people are able and willing to contribute to their own care.
- **Developing the right workforce for the future -** Recruitment of a new workforce to fit the future needs of health and social care in Norfolk, and training the existing workforce for future demands including health coaching and remote interventions.

6.9 In addition, further work will be done to communicate with the public and with staff within the NHS and the Care sector about these important developments.

7. Re-designing services

7.1 Managing demand for services is one of the most pressing issues facing the county council. When compared with other councils, we admit more proportionately more people into permanent residential care. Whilst this can be the right option for some people, for many there are alternatives which allow people to continue to live in their own homes, closer to their social networks and families. Our analysis has made us question the number of older people who go straight from hospital into permanent residential care – a life-changing, irreversible decision, taken at a time of often high anxiety.

7.2 Our analysis and benchmarking also shows that we have a much higher proportion of younger disabled people (18-64) in permanent residential care. We also could do more to help people with learning disabilities and mental health problems find paid employment.

7.3 In Children's services, we have higher numbers than similar councils of looked after children. Whilst all councils have seen a rise in these numbers since high profile child protection service failures, Norfolk is still significantly higher than it should be.

7.4 Whilst Ofsted found far-reaching improvements in our children's social care, the most recent inspection still found short-comings in outcomes for looked after children.

7.5 The other significant and potentially costly area of growth for the County Council is waste disposal. Projections show that, because of economic growth, increases in new homes and inflation, if we do nothing to reduce the amount of waste produced by each household then the cost of residual waste disposal will increase by more than £2m to around £25m in 2020.

7.6 These issues are not new, and inroads into tackling them have been made. However, what is new is the radical change in how the Government funds councils. The phasing out of the revenue support grant and the expectation of increased locally raised tax from individuals and from business – fuelled by an increase in economic growth – places the Council at a cross-roads, which requires whole-council transformation and re-design of services, based on more prevention and earlier intervention that delivers better outcomes for people and places in Norfolk.

7.7 During the last nine months, all Committees were asked to re-imagine their services with 85% and 75% of their current resources. In doing so, they adopted a systematically reviewed activity and spending by:

7.8 **Cutting costs through efficiencies** – by increasing productivity and stopping services that are not essential to our priorities. The Council has budgeted to deliver efficiency savings of £144.600m in the period 2011-12 to 2015-16. The Council has consulted on a further £101m of efficiencies for the period 2016-17 to 2018-19, which are on top of efficiencies of £23.26m agreed for 2016-17 and 2017-18 as part of the 2015-16 budget process.

7.9 **Getting better value for money on what we spend** – buying the right things at the best cost and doing differently, outsourcing, social enterprises and making the most of our purchasing power by buying things jointly with others. For example, the new park and ride contract which started in September means Norfolk has the only park and ride facility in England that does not require ongoing taxpayer subsidy. The service has been improved: new buses, increased frequency, wifi and improved site facilities such as toilet facilities – and it has generated £350,000 per year in savings. Looking forward, we are merging our fleet across transport, libraries and street scene. This will enable us to run a 24/7 workshop that could potentially trade with the private sector, for example, providing MOTs for HGVs and LGV. We estimate we can save at least £0.5m each year and potentially earn more externally. These are just two of many examples.

7.10 **Enabling communities and working locally.** Within a context of the public sector needing to find ways to do more with less, the County Council is committed to working differently with communities.

7.11 A critical lever for bringing about the changes we need in our services – moving to early help and managing demand – is having communities and neighbourhoods where there are vibrant networks of help, advice and support. An example of this recently is the campaign to promote dementia friendly towns and villages – places which go the extra mile to understand the condition and to adapt to a growing number of people living with dementia. It means people are more likely to be able to stay longer in their own homes, and their carers feel less isolated.

7.12 We are shifting to a way of working that looks to build up and make more use of the informal, but highly effective support that already exists in many Norfolk communities. The role of the Council in taking this forward needs to be tested and developed with communities themselves; the establishment of a Communities Directorate demonstrates a shift for the Council, and over the lifetime of this Plan, we will collaborate with communities of place and communities of interest to develop a strategy for harnessing community capacity.

7.13 As part of this, we will be basing more of our staff in localities and fewer at County Hall. We believe this will increase the collaboration and joint working with our public and voluntary service partners, moving towards more joint arrangements, for example, shared buildings, joint teams and appointments. It will ensure we are better placed to listen to communities and to find local solutions.

7.14 **Early help and prevention** Both Adult and Children's services are focusing far more on prevention services. Our budget proposals include investment of £1.5m in re-ablement services for adult social care, because we expect to make a saving of more than £3 million and improve the quality of people's lives. The adults strategy Promoting Independence is based on preventing or delaying the need for funded social care services.

7.15 Norfolk Family Focus has helped 1,700 families in the county to change their lives, supporting parents into work and children to attend school. The approach looks at the needs of the whole family, builds on their strengths and tackles the root causes of their problems, helping to break a cycle that can affect many generations. The success of the approach in Norfolk has been acknowledged by national lead Louise Casey, and a further £2.6m has been awarded to the Council to deliver the second stage – working with a further 5000 families.

7.16 **Channel shift.** As well as being better for customers and matching their changing lifestyles, interactive web-based services also save money on paper transactions and processes. The transaction cost of a telephone call is around £4, an online transaction is 4p.

7.17 In April 2016 an all-new council website will go live as the first stage in a major move to providing more council services, including transactions, online. By making it easier to find information and advice about council services, along with information about third party and community services, demand should reduce for both services and for more expansive customer interactions. Already in 2015/16 the new Adult Education prospectus has become available online only but has seen a rise in the number of applications.

7.18 The new website will have a 'My Account' feature, letting residents track their interactions with council and allowing the council to send tailored information proactively to residents. By 2020 'My Account' will include schools admissions, childcare funding applications, library services and aspects of adult and children's social care. Eventually it will expand to include personal budget management. This will give residents greater control over their services while reducing council costs.

7.19 **A more commercial approach.** A new funding regime for local government requires a sharper commercial mind set from councils. We are taking this forward on a number of fronts.

7.20 The County Council already has the largest and most successful wholly-owned local authority company through the Norse Group. As the Group continues to expand and take on new work throughout the country, there are increasing benefits to the County Council through dividend payments, through volume discounts, and through Norse's corporate and social responsibility, for example in its work on apprenticeships.

7.21 Alongside Norse, the Council is committed to increasing other commercial opportunities. Investments such Hethel Engineering have been well documented and continue to provide economic benefits through jobs and opportunities, as well as financial return for the Council. Looking forward over the life of this plan, the Council will consider establishing more commercial initiatives to develop houses or properties on land in its ownership where this offers a sound return on investment. Previously the approach has been to sell off land to others to develop; Policy and Resources Committee signalled the new approach in November 2015.

7.22 **Trading** - to understand where we should trade in the market, we need to understand what opportunities exist, review those areas already charging for their services to ensure that we are achieving the best return possible, and look for new areas where it may be appropriate to charge.

7.23 We are assessing the business prospects of an initial group of services:

- Trading Standards (metrology)
- Registrars
- Highways (laboratory and training)
- Fleet management
- Highways works service
- Scottow Enterprise Park

7.24 The review is covering:

- Developing a detailed understanding of the total cost of providing the service (direct costs, including staff, labour, materials; indirect costs, including buildings, ICT, business rates, utilities).
- Understanding the existing market in which they operate (including size of market, competitors, market growth / shrinkage, price elasticity).
- Understanding our products, capabilities and skills and how this matches existing and potential markets (including expanding product offer – up or down supply chain – and new geographic market).
- Business planning – including budgeting, P&L, branding / marketing, web presence, online capability, cost reduction, investment / development requirements, premises strategy.
- Mentoring, entrepreneurship, and business skills – support package from Hethel Innovation Limited.
- Assessment of NCC support and systems – what, if any, changes are necessary to finance and other support systems and processes to move to a more commercial approach.
- Future options – at the appropriate time, a decision will need to be made to be made on a delivery model, or whether the activity will continue.

7.25 **Property** costs to the Council amount to some £19.5m a year; as the Council becomes a smaller organisation, and technology allows more mobile working, fewer offices and depots are needed. Our target is £7 million saving on property over the next three years. There is a greater prize if we can look across the whole public estate – including district councils, health service, police –seeking to share properties where we can to deliver better value for the public purse. A grant from the Department of Communities and Local Government, 'One Public Estate' has been received to take this forward.

7.26 **Revenue Generation.** The County Council has adopted a strategy for generating income to support our key priorities through bids to National and European funding programmes. Led by a recently established Corporate Bid Team, our strategy is to develop corporate and service led priorities that lend themselves to support through external funding. This requires capacity building in services through running bid writing and project management training, and developing a clear focus in our approach – namely:

- Bids must be designed to save NCC money
- Develop and support the redesign of services
- Are sustainable when funding is withdrawn
- Clearly address an outcome objective
- Focused on priorities and be cost neutral
- Clearly meet the criteria of the funding body

7.27 The Council has a good track record in some areas. During 2015 total grant funding achieved was £42,527,258. Of this, just over £40 million was for large capital projects, whilst smaller grant funded awards totalled £2.4 million.

7.28 Examples of the smaller projects include:

- £545,555 from the Big Lottery for a project which brings people together from different generations and cultures to explore and share the rich history of their communities.
- £273,449 for the 'Get Healthy, Get Active' project.
- £200,000 for a programme to promote cultural tourism in East Anglia. Administered by the New Anglia Cultural Board.

7.29 Our strategy incorporates a target of 20% annual increase in external grant funding prioritising Corporate, Adult and Children's services.

7.30 This systematic framework has proved to be a sound basis for re-designing services so they are sustainable over the medium term. We will continue to apply this framework to continually review and re-shape services. It has helped to shift away from 'salami slicing,' and instead has helped the council to shape a future for its services which can still deliver some better outcomes at less cost.

7.31 The future direction for our main services is summarised here:

- **For Adult Social Services**, the strategy is **promoting independence.** It aims to manage demand by finding local community solutions for individuals and families. For people who do need a service, that service aims to get people back on their feet as soon as possible, expanding re-ablement service to help people to stay independent in their own homes for longer. The strategy requires a different approach to social work, which seeks to build on the strengths and assets in someone's life, rather than giving a service to meet assessed care needs.

- **For Children's Services**, the strategy **Getting in Shape,** sees greater investment in early help for families, clearer accountability for social work, and more staff based in localities. Children's Services will continue strengthen social work practice through 'signs of safety' – an approach which focuses on strengths and assets and aims to support families before their problems get too difficult, and put our teams back in communities where they can connect better with other community services. **For education – A Good Education for Every Norfolk Learner strategy** is designed to deliver the ambition for all Norfolk pupils to go to a school which is rated as good or better. Whilst schools are responsible for their own improvement, the Council is committed to providing the challenge and support to schools to ensure they reach national benchmarks and standards.

- **For Environment, development and transport**, the principle of prevention underpins the waste strategy, making it second nature for people to re-cycle, re-use and reduce waste. Other big strategic changes for roads and environmental services will see many staff move out of county hall to be located closer to the communities they support. Staff will be working far more closely with other parts of the public service in order to avoid duplication and cutting costs.

- **For Community Services**, the direction of travel is for making the most of technology and self-service – such as in libraries. Open-plus technology investment will allow swipe card entry to some libraries out of hours, to reduce running costs, as well as seeing if there are other services that can be run from library buildings.

8.0 Improve the Council's internal organisation

8.1 The County Council will need to be a very different organisation to make the changes required for Re-Imagining Norfolk. It will be smaller, with fewer staff, different skills and attitudes, able to change at pace while taking out costs. It needs functions which are lean and efficient, which minimise bureaucracy, and support the Council's transformation and organisational change.

8.2 Critical to this is an efficient business infrastructure which aligns all our organisational levers in support of the strategy.

8.3 There will be a re-structure of the council's internal support functions which reflects the future needs of front line services, and saves money.

9.0 Translating the County Council Plan into practical delivery

9.1 The County Council Plan is intended to be a high level whole-council strategy and is not intended to describe and catalogue everything we do. We will use the County Council Plan Tracker to measure progress against this.

9.2 It is critical that the corporate level strategy translates into practical delivery at a departmental and committee level, so that delivery of outcomes can be tracked.

9.3 Policy and Resources has previously agreed that Committees will agree more detailed plans for their services, and that the framework for these plans should address the following:

- Specific activities which individual services will undertake to improve the four priority outcomes
- Objectives for the Department's core business
- Spending plans - what the money will be spent on and what it will deliver/achieve
- Performance, risk and accountability framework

9.4 During January, all Committees will have considered this report and set out high level strategies which contribute to achieving the priorities whilst continuing to deliver statutory responsibilities in the most effective and efficient way.: It is proposed that service plans are developed for the March and April round of Committees. In summary, the strategies are:

9.5 **Children's services**

- Delivering Education improvement
- Establishing and implementing an expansive Early Help offer which seeks to reduce the need for social care services by intervening earlier and more effectively with those most likely to have needs that escalate in the future
- Delivering a unified social work offer through a locality footprint
- Establishing 'Signs of Safety' as our underpinning philosophy

9.5.1 Changing the focus of children's social work to one that:

- Minimises bureaucracy and maximises direct intervention with families that brings about change
- Enables children to be safely supported within their families in the community where that is likely to be the best outcome for them
- Moves from a workforce skilled in assessment and case management to a workforce skilled in directly providing effective and valued help that improves outcomes for children
- Enables social workers to provide more direct evidence-based interventions for family members, rather than managing cases and supervising risk whilst others deliver the intervention.

9.6 **Adult social care**

- Ensuring that people remain independent from public services as long as possible by creating networks of opportunities within communities which offer preventative alternatives to council social care where appropriate.
- Supporting as many people as possible to live safely at home and to recognise that at different stages people need different types of intervention, categorised by three cohorts:

  - Looking after yourself
  - Keeping well and recovering your health and wellbeing
  - Living with complex needs

- Implementing a new customer pathway to seek alternative support for individuals;
- Introducing a new model of professional social work based on a strengths-based approach, in alignment with Children's Signs of Safety model;
- Ensure accessible and local sources of information and advice with an emphasis on community solutions;
- Maximise the impact of the reablement service to reduce long term care costs;
- Maximise the use of assistive technology and community equipment to reduce long term care costs;
- Reduce the number of people, particularly of working age, in residential care.
- This will reduce the number of adults in our social care system to improve outcomes, promote their independence and save money

9.7 **Community and environment** – incorporating services covered by both Communities Committee and Environment, Development and Transport Committee

- Harnessing internal expertise and capacity in order to support the county to grow and realise its ambitions.
- Maximising income generation and taking opportunities to increase commercialisation.
- Bringing understanding and intervention in the physical and social aspects of communities together in one department – what in local government terms would be loosely called 'place'.
- A new service delivery model based on locality working, which will be the driving force behind the future direction and strategy for the Department.

9.7.1 The key elements of this locality working vision are:-

- Where possible work is community driven and delivered, using the seven district council areas as a basis;
- Identifying suitable 'hubs' to be the focal point for communities with nominated co-ordinators for each locality chosen from existing staff tasked with taking an overview of all activity and seeking opportunities for collaboration across NCC and local stakeholders;
- Making it easier for communities and the voluntary sector to work with us, including to enable services to be delivered in non-traditional ways;
- Improving our support to the voluntary sector, including a clear lead for all voluntary sector liaison for the County Council.

9.7.2 **Finance and Resources -** The key elements of this are:-

- To enhance financial performance, maintaining a strong grip on managing the budget
- To maximise the use of assets, in particular, streamlining and rationalising our property
- Improve effectiveness and efficiency of the finance service, while reducing costs.
- To strengthen corporate governance and strategic advice
- To provide sound, reliable ICT and IM systems at a lower cost which supports service needs.
- To provide a model of effective and efficient support services, at lower cost, which is built around the needs of services.

10 Performance Framework

10.1 The Council's performance management system is key to ensuring that the resources we do have are used to best effect, and that by doing things differently the Council does deliver demonstrable results to the people of Norfolk. It is about the benefits people receive for the money spent. A review in 2015 of corporate performance management identified a series of improvements to current arrangements if we are to translate the Council's priorities and three-year budget proposals into results and impact for residents.

10.2 The review found a need for strengthened capacity for strategic research, forecasting demand, cross organisational problem solving; changes necessary to avoid a tendency to focus on process rather than results.

10.3 To begin to address this, a Re-Imagining Norfolk Team has been established via secondments to fulfil a role that will be carried out on a more permanent basis by a strategy and delivery unit, proposed as part of the changes arising within the Resources Department.

10.4 The Team's initial work programme is focused on the following priorities:

- Developing a target demand model to help deliver sustainable Adult Social Care in Norfolk.
- Increasing the number of people with mental health problems and people with learning disabilities into work.
- Re-ablement: working with adult social services to maximise the impact of the expanded re-ablement service.
- Better outcomes for looked after children - working with Children's services to understand the current numbers and trends for looked after children and to ensure the outstanding health assessments happen and future assessments are timely.
- Towards a Norfolk public service ensure summit workstreams have measurable plans to deliver against their targets.

10.5 Policy and Resources Committee has endorsed a performance pyramid to capture a hierarchy of performance information to show us how well we are achieving the strategy we have set. Discipline around the hierarchy will ensure that the right information is reported to committees to enable them to monitor and assure themselves about the overall Plan and specific service priorities. A series of Member workshops are taking place January and February, and the full framework will be reported subsequently.

11.0 Recommendations

(1) Comment on the overall County Council Plan as set out in this paper
(2) Note and comment on the whole-council improvement areas, including the targets in Appendix One
(3) Recommend Re-Imagining Norfolk - the County Council Plan to Full Council for agreement.

Officer Contact

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

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

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

County Plan Tracker

We will sustain a sharper, sustained focus on achieving the Council's four priorities.

Here we describe a set of whole-council improvements which we consider critical to the overall strategic direction of the Council in the next three years. For each, we give context and background, the measures we propose to use, and where we can, current baselines and targets.

Excellence in Education

Not enough of our schools give students a good education. Too many young people leave school without a set of good qualifications, and without the skills that employers are looking for. We will champion our children and young people's right to an excellent education, training and preparation for employment because we believe they have the talents and ability to compete with the best.

Our whole council improvement areas for Excellence in Education are:

1. **More children start secondary school (aged 11) at the expected level in reading and mathematics**

   a. Reading well, and achieving a comfortable standard in maths is currently defined as Level 4b achievement by the age of 11. In 2015, one in five children in England did not reach this standard, but in Norfolk the figure is nearer one in four – just over 2000 children annually.

   b. We have selected this as a critical improvement theme because reading well and being comfortable with mathematics equips children with skills and confidence which opens doors to learning and sets them on a positive path for the future. Without these skills, children are at a major disadvantage – most likely for life.

   c. By the age of 11, a child's mathematical career is usually decided. 90% of youngsters who fail to reach the expected standard by 11 will not achieve a GCSE maths grade C or above.

   We will measure this by:

   Measure: Increasing the percentage of pupils working at Level 4b in reading and mathematics

   Baseline: 2015 64% of Norfolk pupils achieved the new 2016 'expected standard'

   Targets: July 2016 to reach 72%
   July 2017 to reach 75%
   July 2018 to reach 80%
   July 2019 to reach 85%

2. **All schools and education establishments are judged good or better by Ofsted.**

   a) All children in Norfolk have the right to attend a school which is judged good or better by Ofsted. Good and outstanding schools are environments where young people can flourish and achieve their potential; they leave equipped with the life skills so they can take up opportunities for further learning and go on to find good jobs.

b) In 2013, Ofsted found the Council's arrangements for supporting schools to be ineffective. At that time, 60% of primary and 47% of secondary schools were judged as good or better.

c) By the time Ofsted returned in 2014 and judged our arrangements to be effective, those figures had increased to 70% for primary schools and 64% for secondary schools – the equivalent of a further 20,000 students being taught in schools judged good or better.

d) The improvement journey continues and currently there are 81% of primary schools judged good or better (85 % nationally) and 76% of secondary schools judged good or better (75% nationally). This equates to a further 26,000 children.

We will measure this by:

Measure: Increasing the percentage of education establishments judged good or better by Ofsted.

Baseline:	Early Years Settings	90%		
	Primary schools	81%		
	Secondary schools	74%		
	Special schools	91%		
	Colleges	100%		
		2017	**2018**	**2019**
Targets:	Early Years Settings	95%	98%	100%
	Primary schools	88%	92%	96%
	Secondary schools	80%	86%	90%
	Special schools	100%	100%	100%
	Colleges	100%	100%	100%

e) This measure goes beyond; it captures the whole educational system from early years' providers through to further education colleges.

Real Jobs

We want real, sustainable jobs available throughout Norfolk. Pay is relatively low in Norfolk, and behind the beautiful images of coastlines, windmills and beaches there are too many households relying on seasonal work and low income. Our role is to get the message out that Norfolk is open for business and is a good place to invest and grow a business. Our drive is to bring permanent jobs which offer security and a good level of pay.

Our whole council improvement areas for Real Jobs are:

1. More people have jobs that pay more have and have better prospects

a) Security of employment gives people access to a mortgage and the housing market. Those in work are also less likely to need the support of services provided by the County Council. While Norfolk has good employment levels, those in work are more likely to be in low paid, part-time seasonal jobs.

b) There is no robust way to measure 'permanent' jobs and, in any event, attitudes to this type of employment are changing with many people having a preference for more flexible models. Some very affluent people are contractors, moving from one well paid contract to the next. Jobs advertised in both the public and private sector are also increasingly single or multi-year contracts.

c) The key issue is to increase Norfolk's average earnings, which would benefit all residents. The county currently lags behind the national average, with median weekly pay for 2014 of £463.40, compared to the UK average of £518 and £546.10 for Cambridgeshire. The gap between Norfolk and the national average has also been widening, with the Norfolk weekly wage reducing from 84.65% of the national average in 2012 to 82.25% in 2015.

d) While the County Council's sphere of influence over countywide average earnings is limited, we can encourage the creation of higher value jobs, e.g. by supporting the creation of a New Anglia ICT/Digital Creative sector group.

e) In terms of having better prospects, better qualified staff are a key first rung on the ladder to our twin goals of higher value jobs and earnings. In turn, better paid jobs enable more people to get onto the housing ladder and have a better quality of life more generally.

f) The New Anglia Local Enterprise Partnership Strategic Economic Plan (SEP) highlights the need to increase the number, level, range and quality of Apprenticeship delivery and generate 5000 additional Apprenticeships across Norfolk and Suffolk by 2019. With jobs becoming increasingly hi-tech, Norfolk has been assessed as needing fewer apprentices qualified to Level 2 and more qualified to Level 3 and 4.

We will measure this by:

Measure:	Increasing the median full time weekly pay – comparison between Norfolk and the national average	
Baseline:	82.25% (2015)	
Targets:	2016/17	82.5%
	2017/18	82.75%
	2018/19	83%

Measure:	Increasing the number of apprenticeships qualified overall and to level 3				
Baseline:	2014/15	Overall	7,290	Level 3	2,590
Targets:	2016/17	Overall	7,917	Level 3	2,885
	2017/18	Overall	8,319	Level 3	3,190
	2018/19	Overall	8,816	Level 3	3,576

Measure:	Monitoring the job creation outputs of the projects and programmes that NCC manages or leads to ensure they increase	
Baseline:	To be confirmed	
Targets:	2016/17	To be confirmed
	2017/18	To be confirmed
	2018/19	To be confirmed

2. **People on benefits can find work quickly**

   a) This issue is important in ensuring that all those people who want to work are able to and have access to a job that they are suitably qualified to do.

   b) The number of people claiming Job Seekers' Allowance (JSA) for more than 12 months has declined in line with the England average in the 5 years to March 2015, for those aged both under and over 25. This is largely due to macro-economic factors. However, the proportion of those claiming Employment & Support Allowance (ESA) for more than 12 months has risen over the same time period, and is now higher than the average for England (2010: England 32%, Norfolk 31%; 2014: England 69%, Norfolk 74%).

   c) Residents claiming ESA have a higher likelihood of receiving support from NCC services, so it is critical to embed employability activity into this work. Some specialist services within NCC exist to support this group in to work, but they have capacity to deal with only small numbers. Embedding employability awareness into the wider work of social workers and other support staff would significantly raise chances of these individuals living independently.

   We will measure this by:

Measure:	Reducing the percentage of ESA claimants who claim benefit for more than one year	
Baseline:	74% (2015/16)	
Targets:	2016/17	73.5%
	2017/18	73%
	2018/19	72.5%

3. **More people are supported to start and successfully grow their own businesses**

   d) Self-employment also offers another route for individuals to access higher earnings than the Norfolk average. The county has a consistently higher percentage of self-employed people compared to the national average, and regularly above the regional average. Typically these are lifestyle businesses, beneath the VAT threshold.

   e) Norfolk also has a lower business failure rate than regional and national averages. This can illustrate that Norfolk businesses are more robust, but it could also suggest a lack of willingness to take risks – perhaps borne out by the increasing gap between national and Norfolk average weekly earnings.

   f) New Anglia Local Enterprise Partnership set a target, in their Strategic Economic Plan to 2026 of increasing business start-ups by 10,000 than would have happened anyway, 5,300 of these in Norfolk. The main mechanism for increasing these numbers is referrals to the Business Support Advisers at the NALEP Growth Hub, which aims to bridge the gap left by the Government's dissolution of the national Business Link service.

   We will measure this by:

   Measure: **D**elivery of New Anglia Growth Hub's business start-up targets

Baseline: Work is underway to determine with New Anglia LEP

Targets: Work is underway to determine with New Anglia LEP

4. More people with learning disabilities secure employment

g) Our track record on helping people with learning disabilities to find jobs is not good. Compared with the best performing counties, we are behind on this and there is more we could do. Alongside settled accommodation arrangements, having a job and income can bring about a step-change improvement in quality of life and independence for people with a learning disability.

We will measure this by:

Measure: Increasing the percentage of people with a learning disability in paid employment

Baseline: To be confirmed

Targets: To be confirmed

Good Infrastructure

By infrastructure we mean the fundamental facilities and systems necessary for the economy to function. Infrastructure is characterised by technical structures like roads, bridges, water supply, electrical grids, telecommunications and inter-related systems like a travel network. These are essential to enable, sustain and enhance living conditions, underpinning sustainable growth.

Norfolk is starting to get the investment it has long deserved in infrastructure. The A11 dualling is symbolic of Norfolk being better connected, and across the county the cranes and construction are evidence of progress. But there is still much catching up to do, and pushing for our fair share of the national cake is, and still remains, one of our top priorities.

Good infrastructure contributes to the ease with which people and businesses can move around the County effectively; it helps people get to work or places of learning, and is recognised as a key contributor to improving growth and economic prosperity. Our environment is a key contributor to Norfolk's economy and we need to ensure we protect and manage it as part of our growth, including dealing with the impact of climate change, e.g. flood risk. Broadband is essential for all and a basic requirement for the County to operate and compete globally.

Our whole-council improvement areas for infrastructure are:

1. A good transport network and journey times

a) Transport is a key driver of economic growth in modern economies. Evidence shows that many businesses derive significant productivity benefits from close proximity to other businesses and to large labour pools. Better travel networks bring firms and workers closer together, and provide access to wider local markets. But they can also address many of the constraints on growth which face areas, such as land and housing availability, environmental quality and congestion.

b) With a median benefit of £3.5 for every £1 spent (Jacobs 2011, PTEG 2013), the results suggest that small scale public transport investment delivered by local authorities can be very cost effective and have positive economic, health, social and environmental benefits.

c) Public transport and access is important to the working age population: poorly connected employment sites; mismatches between working hours offered and available public transport; and limited travel horizons. It is also a key factor in maintaining and improving the health and wellbeing of the population and independence.

d) Local bus punctuality is important because it reflects the operational performance of public bus services to keep to a timetable on the highway network. Bus services from all local bus operators are tracked throughout the day for all days of the week. As these vehicles are subject to the same conditions as other vehicles on the network it provides a good opportunity to monitor the effectiveness of the travel network for all road users.

We will measure this by:

Measure:	Increasing the percentage of bus services that are on schedule at intermediate time points	
Baseline:	75% (2014/15)	
Targets:	2016/17	76%
	2017/18	76%
	2018/19	78%

2. All of Norfolk is connected via fast internet

e) Broadband is the fourth utility, essential to all aspects of modern working, learning and home life. We need to ensure Norfolk moves from having one of the lowest levels of broadband coverage in the UK at 43% (the UK average is over 70%) to achieve the same levels as the best served places.

f) Our work needs to 'Ensure Better Broadband' for Norfolk implementation continues.

g) In addition to the 95% of properties expected to benefit from fibre optic improvements, all Norfolk properties will have access to Basic Broadband (2 Mbps+) therefore we must strive to find a Superfast solution for the final 5% of hardest to reach properties.

We will measure this by:

Measure:	Increasing the percentage of Norfolk homes with superfast Broadband coverage	
Baseline:	84% (September 2015)	
Targets:	2016/17	87%
	2017/18	90%
	2018/19	91%

3. Growth from housing developments is delivered sustainably

h) Planned population growth (16% in next 20 years) requires new infrastructure including housing (65,000 new homes planned in next 10 years), roads and community/recreation facilities. This growth requires careful planning to ensure it is sustainable, such as reducing flood risk, managing impact on our roads and on Norfolk's important natural environment.

i) Norfolk County Council needs to ensure that our actions, planning advice and consultation responses effectively influence and support decisions by planning authorities and developers to agree necessary infrastructure growth in a way that protects Norfolk's people, built and natural assets, for now and the future.

j) Norfolk is the 10th greatest area in England most at risk from surface water flooding, with 38,000 (10%) of homes at risk. A similar number of properties are at risk from coastal flooding and erosion.

We will measure this by:

Measure: Reduction of new and existing properties at high risk (1 in 30 years) of surface water flooding

Baseline: 14,514 (2014/15)

Targets:

2016/17	4% reduction*
2017/18	4% reduction*
2018/19	4% reduction*

*4% year on year decrease based on 2014/2015 levels

Measure: Reducing the percentage of planning applications agreed by Local Planning Authorities contrary to NCC recommendations regarding the highway

Baseline: 25% (2015/16)

Targets:

2016/17	24%
2017/18	22%
2018/19	20%

Measure: Reducing the number of special natural areas for conservation and protection (Natura2000 sites) adversely affected by development/use

Baseline: 55% (2015/16)

Targets:

2016/17	44%
2017/18	33%
2018/19	22%

4. Households produce less waste and we have lower costs of dealing with it

k) Norfolk local authorities deal with around 400,000 tonnes of waste a year, with housing growth over the next 10 years expected to increase this figure by 15%. Managing increasing costs will require a step change in reducing the amount of waste produced **per household** and increasing the proportion of waste that is re-used, recycled and used as a resource.

l) This requires improved effort on waste reduction, better recycling, behavioural change of residents and close partnership working on the whole system of waste. We will need to implement acceptable and efficient treatment services for residual waste. To contain the expected growth we need to reduce the amount of waste produced by individual households by 10-15% in the next 3-5 years

We will measure this by:

Measure:	Decreasing the kilograms of residual household waste per household per week	
Baseline:	10.4kg (September 2015)	
Targets:	2016/17	10.1kg
	2017/18	9.75kg
	2018/19	9.4kg

5. Fewer people are killed or seriously injured on Norfolk roads

m) With 6000km of roads – many of which are rural – in Norfolk, keeping people safe remains a significant challenge. Over the last 20years, the County Council, with partners, has invested many millions in structural changes to make roads safer – new junctions, new road lay-outs, pedestrian crossings.

n) Great improvement have been made from the all-time high in the late 1990's (*baseline is 1994-98) when 862 were killed or seriously injured. However, since 2011, the rate of improvement has reduced and we have seen minor changes in recent years. The main challenge now is driver behaviour, keeping speed down, and alerting people to the dangers of using mobile phones whilst driving.

o) Close analysis of data has also shown some specific groups of road users who are at most risk - moped and motorbike riders; pedestrians and cyclists; older drivers (70 and above); younger drivers (17-25). Of these, there has been a renewed focus upon the pedestrian and cyclists group.

We will measure this by:

Measure:	Reducing the number of people killed or seriously injured on Norfolk's roads	
Baseline:	402 (December 2015 – subject to confirmation)	
Targets:	2016/17	361
	2017/18	347
	2018/19	333

Supporting Vulnerable People

As our funding diminishes, we need to get even better at targeting the people who most need our help and support. We need to prevent problems happening in the first place and intervene early when they do to make sure we don't allow things to get any worse. In this sphere, more than ever, we need to galvanise our forces, joining up with colleagues in health and other agencies the best support possible, promoting independence, dignity and respect.

Our whole-council improvement areas for supporting vulnerable people are:

1. More children are able to live in a permanent family setting

a) Norfolk has historically been an authority with a high rate of Looked After Children. Norfolk's Looked After Children numbers are reducing but it remains a challenge.
b) Wherever possible, children need to be brought up safely within their own families or with alternative families who are able to offer legal permanence (eg as a result of adoption) The Norfolk philosophy in lines with social work and signs of safety values is that families should be assisted to identify the help they need to safely parent their children. The authority believes that families are the experts and as a result they should be a t the centre of everything we do.

c) There will always need to be a number of children in public care and for those children we need to ensure that their holistic needs are met and that they are offered security and stability. In Norfolk we are committed to improving the quality of our assessment, planning and decision making to ensure that children do not experience delays.

d) Through a strategy of early help and prevention, and a clear strategy to improve the quality of intervention at all stages of a child's life, the number of children and young people coming into care and staying in care will be reduced.

e) We aim to do better for children and get closer to other comparable councils.

We will measure this by:

Measure: Reducing the rate of Looked-After Children per 10,000 of the overall 0-17 population

Baseline: To be confirmed

Targets: To be confirmed

Measure: Reducing the number of Looked After Children

Baseline: To be confirmed

Targets: To be confirmed

f) We are also looking to develop measures to monitor children who have their permanence plans by second review and the point the permanence plans are achieved and also placement stability data.

2. More people live in their homes for as long as they can

a) Compared with other similar councils, we admit proportionately more people to residential care. This is increasingly at odds with what people want; people tell us that they much prefer to stay in their own homes, closer to neighbourhoods and friends and family where this is possible for them. As part of our strategy Promoting Independence we aim to reduce the proportion of people (whose care we fund) who go into permanent residential care, by supporting more people in community settings.

We will measure this by:

Measure: Decreasing the rate of admissions of people to residential and nursing care per 100,000 (18-64yrs)
Decreasing the rate of admissions of people to residential and nursing care per 100,000 (64+)
Increasing the rate of people in receipt of community-based care, broken down by: Supported living and Housing with Care; Home Care; Direct Payments; Day Care; and Other.

Baseline: To be confirmed

Targets: By the end of three years, our target is to be in line with the average of our comparator family group on the first two measures.

For people aged between 18 and 64, this a significant stretch; we place at a rate of 31 per 100,000 where the comparator average is currently 15 per 100,000.

For people aged 64 and over, the family comparator average rate is currently 640 per 100,000; we place at a rate of 724 per 100,000

b) We will work up precise metrics to take account of predicted movement in the family group average. The rate of people in community-based care is new, and we are currently finalising a baseline and targets.

3. Fewer people need a social care service from NCC

c) We have compared our Adult Social services with other similar councils and know that our pattern of service indicates that on a rate per 100,000 population, we do more assessments and we have more people receiving services. It is clear that the substantial change we need to make is in how we respond to people's needs to reduce their call on formal services from Norfolk County Council.

d) Work has been undertaken to understand the best practice from around the country and to consider how these models could be applied in Norfolk. There is good evidence from other authorities, that approaches which promote independence and community support can be effective in better managing the demand for services and therefore costs.

e) Our approach therefore is to manage demand for services better by ensuring that people remain independent from public services as long as possible and are provided with preventative, community alternatives to council social care where appropriate. This approach would be consistent with the responsibilities relating to wellbeing and prevention in the Care Act.

f) When people do need formal services our approach will always be to maximise their independence as far as possible. This is the key principle of the Promoting Independence strategy. The aim is to support as many people as possible to live safely at home and to recognise that at different stages people need different types of intervention.

g) Currently there are some 13,000 service users receiving support by Norfolk County Council – a higher proportion than comparator councils. Over the three-years of this plan we aim to reduce the number of service users receiving support by 22%. This breaks down in the following way:

- **Older People** receiving support reduced from 5650 to 4393 per 100,000. In absolute terms this equates to 1785 fewer service users receiving support.
- **For people aged 18-64** the target reduction will be from 1031 to 806 per 100,000. In absolute terms this equates to1090 fewer service users receiving support.

Precise annual targets for these measures will be confirmed as soon as possible.

Re-imagining Norfolk – County Council Plan - planning overview

Priority	Excellence in education	Real jobs	Good infrastructure	Supporting vulnerable people
Outcome	• Children and young people are ready and able to learn • Learners realise their potential • People value education as a means to living independently	• Secure more high value jobs • Make Norfolk the first choice for business • More people who are able to work have the opportunity to do so	• Infrastructure makes it a great place to live, work and visit • Communities are resilient, confident and safe	• All vulnerable people who live, work, learn and are cared for will be safe • Vulnerable people are more self-reliant and independent
Improvement curve	**1. More children start secondary school (aged 11) at the expected level in reading and mathematics** **2. All schools and education establishments are judged good or better by Ofsted** 3. Children reach the expected early learning goals by the time they start key stage 1 (age 5) 4. Children make a least expected progress and most make better than expected progress at primary school 5. Children make a least expected progress and most make better than expected progress at secondary school 6. 14 to 19 year olds are encouraged & guided to make appropriate choices 7. Young people reaching adulthood feel equipped to make life choices and to take responsibility for themselves and their future	**1. More people have jobs that pay more and have better prospects** **2. People on benefits can find work quickly** **3. More people are supported to start and successfully grow their own business** **4. More people with learning disabilities secure employment** 5. There are more high value jobs in Norfolk's growth sectors 6. Businesses are attracted here and prosper 7. Businesses grow sustainably 8. A highly skilled workforce encourages investment	**1. A good transport network and journey times** **2. All of Norfolk is connected via fast internet** **3. Growth from housing developments is delivered sustainably** **4. Households produce less waste and we have lower costs of dealing with it** **5. Fewer people are killed or seriously injured on Norfolk roads** 6. People and their property are better protected from flooding and climate impact 7. Norfolk's environment is protected 8. Individuals, communities and public service working better together	**1. More children are able to live in a permanent family setting** **2. More people live in their homes for as long as they can** **3. Fewer people need a social care service from NCC** 4. Fewer vulnerable people die in accidents and incidents including fires 5. Children and young people are safe from harm 6. Vulnerable adults are safe from harm 7. People know who to ask for the right help, information or advice 8. Wherever possible people with long term conditions manage their own care

Other key service drivers
- Statutory and regulatory requirements
- Local drivers

Service strategies and objectives

Children's services

Deliver education improvement
- Establish and implement an Early Help offer
- Delivering a unified social work offer through a locality footprint
- Establishing 'Signs of Safety' as our underpinning model for social work
- Changing the focus of children's social work to one that:
  - Minimises bureaucracy and maximises direct intervention with families that brings about change
  - Enables children to be safely supported within their families in the community where that is likely to be the best outcome for them
  - Shifts from assessment and case management to effective interventions that improve outcomes for children

Adult social care
- Create networks of community opportunities for vulnerable people;
- A new customer pathway to provide alternative support for individuals;
- A new social work model based on a strengths-based approach
- Local sources of information and advice with an emphasis on community solutions;
- Maximise the impact of the reablement, assistive technology and community equipment to reduce long term care costs;
- Reduce the number of people, particularly of working age, in residential care.

Community and environment services
- A new delivery model based on locality working with these key elements:
  - Where possible work is community driven and delivered, using the seven district council areas as a basis;
  - 'hubs' to be the focal point for communities with nominated co-ordinators for each locality
  - Making it easier for communities and the voluntary sector to work with us, including to enable services to be delivered in non-traditional ways;
  - Improving our support to the voluntary sector, including a clear lead for all voluntary sector liaison for the County Council.
- Maximising income generation and taking opportunities to increase commercialisation.

Public health
- Education: health visitors prioritising school readiness and looked after children;
- Employment: including working with employers to promote workplace health;
- Infrastructure: working with District Councils to promote health improvement,
- Protecting Vulnerable People: providing sexual health, school nurses, drug and alcohol treatment services.

Finance and Resources

- To enhance financial performance, maintaining a strong grip on managing the budget
- To maximise the use of assets, in particular, streamlining and rationalising our property
- Improve effectiveness and efficiency of the finance service, while reducing costs.
- To strengthen corporate governance and strategic advice
- To provide sound, reliable ICT and IM systems at a lower cost which supports service needs.
- To provide a model of effective and efficient support services, at lower cost, which is built around the needs of services.

Policy & Resources Committee

Item No 6 ii

Report title:	**The results of public consultation, and equality and rural assessments of the savings proposals for 2016-17**
Date of meeting:	6 February 2016
Responsible Chief Officer:	Debbie Bartlett, Head of Business Intelligence & Corporate Planning and Simon George, Executive Director of Finance

Strategic impact

The findings of public consultation and rural and equality impact assessments support Members in making decisions about the service and financial planning 2016-2019.

Summary

Norfolk County Council is due to agree its new budget and plan for 2016-2019 at Full Council on February 22nd 2016. Policy & Resources Committee is responsible for coordinating this process and developing a whole-council budget and plan for Norfolk.

This paper is one of a suite of reports to Policy & Resources Committee, which taken together present a range of information to enable Policy & Resources Committee to recommend a balanced budget for 2015-18 to Full Council on 16 February 2015.

This report sets out the findings of the public consultation on budget saving proposals, and the findings of rural and equality impact assessments.

Recommendation:

Policy & Resources Committee is asked to:

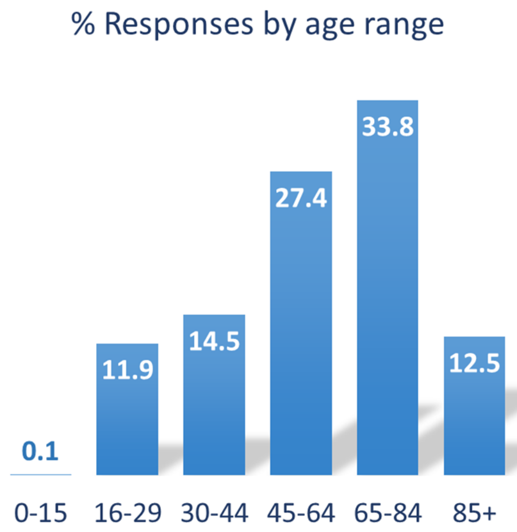
(1) Consider and note the findings of public consultation;

(2) Note the Council's duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(3) Consider the findings of equality impact assessments and rural impact assessments and agree the mitigating actions for each assessment, as set out in Appendix One.

1	**Background**
1.1	**Public consultation**
1.1.1	The Re-imagining Norfolk public consultation ran from the 30 October 2015 to the 14 January 2016. • People were able to respond online, by email, on Twitter and Facebook, by telephone and in writing • Every response was read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives • Seven accessible events were organised and attended by Council officers to make sure that people from all backgrounds and communities could discuss and comment on budget proposals Where particular groups of service users were likely to be affected by a proposal, the Council contacted them directly – for example people that would be affected by changes to transport arrangements in Adult Social Services.
1.1.2	This consultation was conducted within a legal context. Under Section 3(2) of the Local Government Act 1999, authorities are under a duty to consult representatives of a wide range of local people when making decisions relating to local services. This includes council tax payers, those who use or are likely to use services provided by the authority and other stakeholders or interested parties. There is also a common law duty of fairness which requires that consultation should take place at a time when proposals are at a formative stage; should be based on sufficient information to allow those consulted to give intelligent consideration of options; should give adequate time for consideration and response and that consultation responses should be conscientiously taken into account in the final decision.
1.2	**Equality and rural impact assessments**
1.2.1	When setting the budget, public authorities have a legal duty under the Equality Act 2010 to consider the impact of proposals on people with 'protected characteristics'. The Act states that public bodies must pay due regard to the following when planning, changing or commissioning services: • Advancing equality of opportunity for people with protected characteristics • Eliminating discrimination, harassment, victimisation and other prohibited conduct • Fostering good community relations To meet this legal duty we undertake impact assessments of all our proposals. In addition to considering the impact on potentially vulnerable people, we also look at the impact on rural communities.
1.2.2	In carrying out an assessment, the Council reviews a wide range of evidence before drawing conclusions about likely impacts. For many proposals this involves reviewing, for example, data about people and services that might be affected, contextual information about local areas and populations and other data sources.

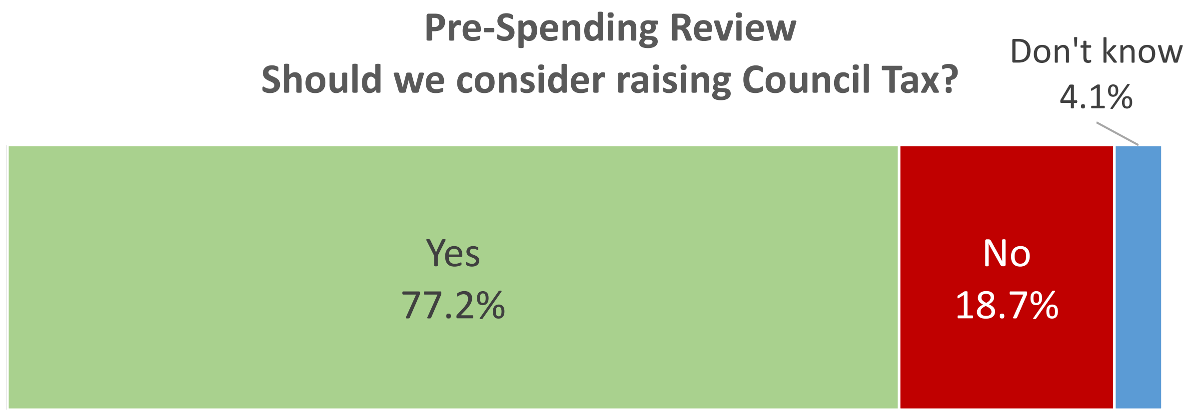
	As such equality and rural assessments are directly informed by the findings of public consultation, and in particular feedback from people about the practical impacts that proposals might have.
2	**Overview of the public consultation**
2.1	In total the council received 3,101 responses to the consultation: • The majority (92% of those that provided their status) were received by members of the public • A high proportion of respondents were in older age groups (see graph) • 22 county, district, borough, town and parish councillors responded • 91 people stated that they were responding on behalf of a voluntary or community group • 58 people stated that they were responding as a statutory organisation • 23 people stated that they were responding on behalf of a business • 9 schools, colleges and universities responded 
2.2	Nine separate petitions were received, containing a total of 16,545 individual signatures. Five of these(including four from the Norfolk Fire Brigades Union), containing a total of 13,324 signatures, were in response to proposals for changes to the Fire Service, with each objecting to proposed savings in the Fire and Rescue Service. Two petitions were received in response to, and objecting to, cuts to library services, with a total of 2,009 signatures. One petition, with 1,135 signatures, objected to cuts to Norfolk's Historical Find and Identification Service.
2.3	The 181 responses received from groups, statutory organisations and businesses included: • Most of Norfolk's District and Borough councils • Some of Norfolk's clinical commissioning groups, and a range of other statutory partners • A wide range of voluntary sector and community groups, including groups representing older people, young people, carers informal and local residents • A range of businesses, many of which (for example providers of care services) are commissioned by the council • A range of national organisations – with a number in particular responding to proposals to cut Historic Environment Services. Many of the responses from partners, whilst outlining their views on the merits of the budget proposals, stated a clear commitment and willingness to work with the council to meet what are frequently shared challenges. A number of responses from voluntary sector organisations also welcomed the opportunities for joint-working with the council, but also challenged the council to

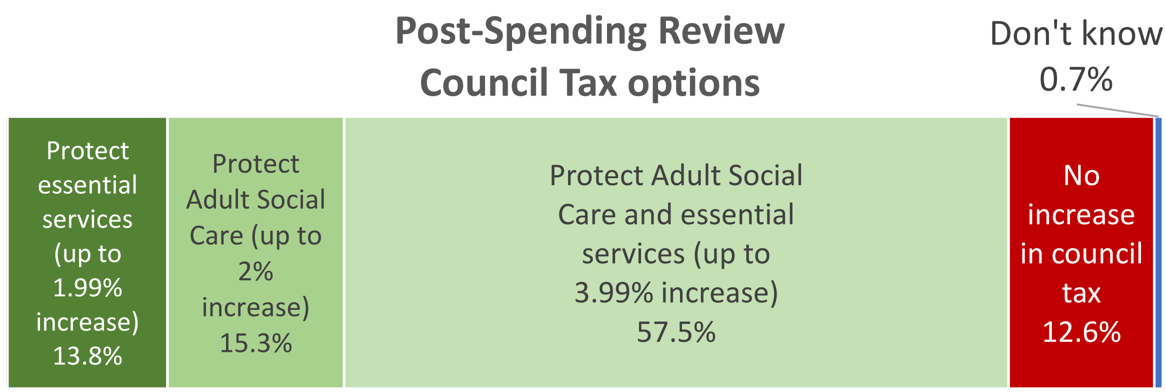
	involve them in the planning of services at an earlier stage so that a wider range of options could be considered. Other responses, particularly from some community organisations and from national organisations, addressed the implications of the council's proposals on their business. In particular where proposals suggest that such organisations might undertake the activities that the council is proposing to cut, organisations have challenged this, citing their own financial pressures and capacity. Details of all of the groups, statutory organisations and businesses, and summarised findings from their responses, can be found in the detailed documents published at www.norfolk.gov.uk/budgetconsultation.
2.4	Each of the service committees have looked at and discussed the proposals in their area in detail. The outcomes of these discussions are available as draft unconfirmed minutes elsewhere on the agenda of this committee meeting.
3	**Key findings of the consultation and of equality and rural assessments** This section looks in detail at the consultation and equalities and rural assessment findings for two specific areas relating the Policy and Resources Committee: Re-imagining Norfolk, and Council Tax. It then provides a brief overview of the findings of the consultation on proposals, and of the equalities and rural assessments, in each of the service committees.
3.1	**Reimagining Norfolk** Re-imagining Norfolk is the Council's radical new strategy to maximise the impact of the Council's billion plus budget for Norfolk, and address the significant challenges of rising demand for services and diminishing funding from central Government. Re-imagining Norfolk seeks to use the Council's budget in innovative ways and exploit every strategic and technological opportunity for efficiency. The overall aim is to ensure the best possible outcomes for Norfolk, whilst continuing to provide vulnerable people with essential support.
3.1.1	412 responses were received about the Re-imagining Norfolk strategy, including 38 that stated that they were from an organisation, group or business.
3.1.2	A range of views were presented, with some responding positively to the direction set out in Re-imagining Norfolk, some taking a balanced view, and others offering critical comments. Those supporting the approach suggested that it was the right one, or the only option left for the council given the challenges it faces. Others in the 'middle ground' tended to agree with the approach, but were sceptical about whether it could be delivered. Those opposing the approach tended to argue that the cuts outlined in the consultation documents do not support the strategy. Specifically a number of respondents argued that the detailed proposals were out of line with the strategy, reduced preventative services, and represented a similar approach to that taken in previous budgets.
3.1.3	The consultation question about Re-imagining Norfolk also prompted a number of broader comments about the council in general.

	A number of comments were received about the way the council is managed, with many suggesting how it could make improvements. Respondents argued that more could be done to avoid duplicating activities; to improve commissioning and procurement and avoid waste; to improve efficiency and resource management; and to get the right balance between front line and back office cuts. Comments were also received from a number of respondents with specific comments around staffing and resources. These were similar to those received in previous years' budget consultations and include arguments against the use of consultants, criticism of high staffing costs and excess management posts, and frustration with a three tier council system.
3.1.4	A significant number of people referred to central government budget cuts, either criticising these directly, or suggesting that the council should challenge or reject them.
3.1.5	Finally, a significant number of comments argued that the council's strategy needed to recognise priority services. Those making these comments tended to fall into two groups. One focused on the notion of "key services", a frequently cited term to describe what respondents consider vital services, and one that has, without prompting, featured prominently in this and previous consultations. The other implores the council to focus on, or be critically aware of, it's statutory duties. Problematically there is no consistent view about which "key" or statutory functions are most important. Nevertheless there is a consistent view that the council should be clear about, and focused on, its priorities at the expense of less important tasks.
3.1.6	The core aim of Re-imagining Norfolk – to work better and more efficiently, in order to maximise the resources available to the Council and invest these in services for Norfolk's most vulnerable – will impact positively on all protected groups, particularly disabled and older people, as well as young people and families in need.
3.1.7	Older and disabled people consistently report in public consultation that their ability to remain independent for as long as possible is central to their quality of life and well-being. In this respect, Re-imagining Norfolk's focus on early help, promoting independence and getting the public more involved will have a positive impact.
3.1.8	Proposals to use more technology and provide services online present both advantages and disadvantages for different groups of service users. For older and disabled people, particularly blind and visually impaired people, people with learning difficulties and people with restricted mobility, it will be critical to ensure that technological solutions are accessible. When accessibility is integrated in service design it can significantly improve access for disabled people.
3.1.9	Proposals to use more technology and provide services online may depend on the robustness and reliability of key infrastructure (broadband, mobile reception). This may present issues for some rural areas, where the infrastructure may not be in place to enable equitable access.
3.2	**Raising Council Tax by up to 3.99% - incorporating an increase of 2% to provide ring-fenced funding for adult social care services (the social care precept), plus a general Council Tax increase of up to 1.99%.**
3.2.1	The consultation asked people to describe their views on what the Council should do about its share of Council Tax.

The question asked about Council Tax changed during the consultation. Up until 26 November 2016, 202 people had responded to the question "should Norfolk County Council raise its share of the Council Tax by up to 1.99% in 2016/17 in order to protect essential services and reduce the level of cuts?" From the 26 November, 412 people responded with their views on a range of options prompted by the announcements in the Spending Review.

3.2.2 Overall 614 people responded to the questions about Council Tax, the highest total response to Council Tax question in the last three years. The results of both the pre-spending review and post-spending review questions are set out below.





In both cases there is significant support for some increase in Council Tax.

3.2.3 Whilst the consultation did not specifically ask people to explain their views on Council Tax, a number of people mentioned it in their comments responding to other questions and proposals.

People that suggested that Council Tax should be increased suggested that they would be prepared to pay more to keep vital services open, and argued that it is a socially fair way of spreading costs.

Those opposed to an increase tended to do so on one of two contentions. Firstly a number of people suggested that an increase would be too much the pay for people, and in particularly those already struggling within a challenging financial climate. Secondly, a number of other respondents argued that a Council Tax rise was wrong in principle, and was unfair given that services were reducing. Some of the latter group suggested that a reduction in Council Tax would be preferable.

3.2.4 Respondents were also asked to prioritise the services that should be protected if the Council did increase Council Tax. 801 people responded to this question. Because the question asked people to rank services in an order of 1-7, and people inevitably put things in different orders, the results are necessarily complicated. This report has tried to simplify the results by presenting both the percentage of respondents stating each service as their top priority, and a 'weighted score' that accounts for the relative ranking of each service. These are presented and explained in the results table below. Against either approach the overall ranking is the same, with Children's Services stated as the highest overall priority, closely followed by Adult Social Care.

Service	**Priority rank**							**% stating service as top priority**	**Weighted priority score***
	1	2	3	4	5	6	7		
Children's Services	220	172	69	22	21	15	14	27.5	3112
Adult Social Care	193	152	89	36	24	24	17	24.1	2989
Fire and Rescue	162	87	129	75	37	28	5	20.2	2773
Roads, transport, waste, environment & planning	81	76	98	150	68	43	11	10.1	2414
Libraries	62	56	73	95	120	85	40	7.7	2085
Museums, records and the arts	53	38	59	62	109	160	48	6.6	1837
Other	30	6	2	4	9	8	101	3.7	416

* Overall weighted priority score calculated by assigning every number 1 priority a score of 7, every number 2 priority a score of 6, and so on, and then summing the total score for each service.

3.2.5 In considering the impact of a Council Tax increase it is important to recognise that, whilst the change would have an impact for all households in Norfolk eligible to pay Council Tax, concessions are in place that mean the impact would be mitigated for those household which are eligible for council tax support, reduction or exemption.

3.2.6 The increase would be applied in an equal way, at the same percentage rate for all households, meaning that those in a higher-banded properties will pay a higher cash amount.

3.2.7 As suggested, the impact of the increase would be mitigated by council tax support, reduction or exemption for some households. The impact of a Council Tax increase will therefore be most significant for those households on a low, fixed income, but which are not eligible for any form of council tax support.

3.2.8 Since April 2013, District Councils have had responsibility to operate local arrangements to provide help with council tax, known as Council Tax Reduction or Council Tax support schemes. These replaced Council Tax Benefit, and may provide a reduction of up to 100% of the council tax liability. As District Councils now have discretion to establish their own local schemes, there may be variations between the support available across the seven Norfolk districts. There are also distinctions between the support available for pensioners, and those of working age:

	• Pensioners should be able to get the same level of Council Tax Reduction as they would have done if they were receiving Council Tax Benefit; • People of working age will be entitled to varying levels of support dependent on the local scheme in operation. In establishing their schemes, District Councils are required to take into account the needs of vulnerable people, and are required to have regard to supporting incentives for people to work.
3.3.1	The impact of increases in council tax by the County Council may therefore vary district-by-district for those receiving council tax support, in line with the terms of the local scheme. **Total cost of Council Tax support in Norfolk by each district in 2015/16**

	Breckland	Broadland	Gt Yarmouth	King's Lynn	Nth Norfolk	Norwich	South Norfolk	Total
Council Tax Support for Pensioners	£4.19m	£3.22m	£4.38m	£5.18m	£4.19m	£4.98m	£3.68m	£29.82m
Council Tax Support for Working Age People	£3.34m	£2.06m	£4.64m	£4.04m	£2.64m	£8.78m	£2.52m	£28.01m

(Data from October 2015 District Council CTB1 returns - this represents the total Council Tax expected to be foregone in 2015-16 as a result of dwellings receiving council tax support. This reflects total support on the County, Police, District and any Parish precepts.)

3.3.2	Other factors may also enable a household to quality for discounts or exemptions. These include: • Someone's disability status, entitlement to certain benefits and presence of accessible features in their home; • If someone is a carer who, for at least 35 hours a week, is looking after someone in the same household (not including a spouse or child) who is entitled to certain benefits; • Households which consist only of students; and • Properties which are unoccupied for various reasons including residence in care provision. These reliefs can help to alleviate council tax liabilities for certain households.
3.5.1	District Councils also have powers to reduce the amount of council tax payable for certain classes of dwelling including second homes, empty properties and properties undergoing major structural work, with legislation prescribing the level of discount the District Council can offer. An increase in Council Tax may therefore have a reduced impact on properties within these categories, depending on the scheme adopted locally. These discounts are time limited except in the case of second homes.
3.5.2	An increase in Council Tax may primarily benefit disabled and older people (and carers), as it would enable the Council to continue to protect some essential social care services for the most vulnerable.
3.6	**Consultation findings, and the outcome of equality and rural assessments, for service proposals**

	In addition to an analysis of consultation findings, individual equality and rural assessments have been carried out on each of the Council's 19 budget proposals..
3.6.1	**Adult Social Care** The two budget proposals in Adult Social Care, for the stopping of funding for transport services and for the reduction in funding for Supporting People services, prompted by far the highest number of responses across the whole consultation. They also prompted the most conclusive overall views. In total 1,283 people responded to the proposal to reduce funding for Supporting People services, of whom 81.6% disagreed and 1,102 people responded to the proposal to stop all transport funding, of whom 71.9% disagreed. The other most notable feature of the responses to Adult Social Services proposal was that a high proportion of respondents commented from first-hand experience of services, and presented practical and personal examples of the potential impacts of the changes. Many referred to the cumulative nature of previous cuts and suggested that reductions to transport funding would make it impossible for many people to attend services. A large number of people also specifically rejected the reductions in preventative services implied in the cutting of Supporting People funding, suggesting that this was short-sighted and would cost more in the long term. The equality and rural assessments of the following two Adult Social Care proposals find that, if the proposals go ahead, they may have a disproportionate and significantly detrimental impact on disabled people, older people, carers and some young people: Actions to try to mitigate this impact are set out in Appendix A.
3.6.2	**Children's Services** Children's Services presented four proposals for consideration. The most responded-to (530 responses) proposed a reduction in funding for youth work. This was also the most disagreed-with proposal, with 61% of people against the reduction. The concerns raised by respondents to this proposal broadly reflect those disagreeing with funding reductions within other Children's Services proposals, in that they argue that the affected services are preventative, and that reductions will have a negative impact on young people's and will cost more in the long run. Two proposals, for changing Parenting Support and Family Support, suggest making savings by bringing contracted services in-house. Comments on these reflect people's perceptions of the costs and benefits of this kind of change. Those in favour feel that, providing the council can deliver quality and value-for-money services, an in-house solution is better. Those against it essentially argue the opposite, again usually on value-for-money grounds, although some respondents suggest that parents and families might be more willing to work with 'neutral' third party organisations than with social services. On balance more people supported both proposals than objected. Finally, Children's proposals to re-focus the work of Children's Centres prompted broad support, with 68% of respondents agreeing. Comments both in favour and against the proposal focused on the merits of a more focused services, with some suggesting that this is a good move, whilst others argued that Children's Services should remain 'universal'. The equality and rural assessments of the following three Children's Services proposals find no evidence of any disproportionate or significantly detrimental impact on people with protected characteristics or rural communities: • Change how we provide parenting support

	• Change how we provide support to families who are struggling to cope with the challenges they face • Keep all Children's Centres open and focus their work on supporting the families that need them most. The proposal to keep all Children's Centres open is likely to have positive impacts on some protected groups given increased prioritisation of support. However, the assessment of the proposal to reduce funding for youth work finds that if the proposal goes ahead, it may have a disproportionate impact on young people, as young people and organisations supporting young people are the main beneficiaries of the funding. In order to help mitigate this impact, the assessment recommends two actions, set out in Appendix A.
3.6.3	**Communities** Communities Committee have the most individual proposals. For the purpose of summarising these within this report, it is helpful to view them in three broad groups: those relating to the Fire & Rescue Services; those relating to libraries; and the remainder relating to cuts to registration services and arts funding. Overall the proposals relating to the Fire and Rescue services generated the most responses, and some of the most strongly-felt views. Whilst fewer direct responses to the consultation were received than in some areas, proposals prompted five petitions containing over 13,000 signatures. This level of response was significantly driven by local opposition to proposals to close specific fire stations (notably in Heacham), and by campaigning from the Norfolk Fire Brigade Union. In terms of direct responses to the consultation, this resulted in most respondents disagreeing with proposals to redesign retained and whole-time services, and with reductions to operation support. There was more support for proposals for the Fire & Rescue Service to provide a water rescue and flooding service, and for the overall Fire & Rescue Service vision. The two libraries proposals prompted quite different responses. The proposal to change arrangements and opening times at the Norfolk and Norwich Millennium Library and to reduce how much the council spends on new stock for libraries was opposed by 55% of respondents, with 36% agreeing and 9% not knowing. In addition two petitions were received opposing library cuts. Conversely 53% of respondents agreed to proposals to reduce mobile library services. Nevertheless it is clear from the explanations of people's responses to these proposals that libraries remain a valued resource for communities, and are a service that people continue to have strong views on. Of the remaining proposals, a generally balanced view of provided by respondents to the proposal to reduce arts grants, with 47% agreeing, 43% disagreeing and 10% not knowing. The debate around this is characterised by, in favour of cuts, people that feel that arts services are less important than others; and by, in opposing cuts, people that argue for the intrinsic cultural value of arts services. The proposal to close four part-time registration offices was broadly accepted, with 68% of respondents agreeing. The equality and rural assessments of the following Communities proposals find that, if the proposals go ahead, they may have a disproportionate and significantly detrimental impact on people with protected characteristics and rural communities: • Reduce grants provided by the Norfolk Arts Service • Redesign of Fire and Rescue on-call (retained) emergency response resources, including closing two fire stations

	• Redesign of Fire and Rescue full-time (wholetime) emergency response resources The following proposals may have some lesser impacts on people with protected characteristics and/or rural communities: • Install technology to enable libraries to open with self-service machines, reduce the staffed opening times for the Norfolk and Norwich Millennium Library and reduce how much we spend on new stock for our libraries • Close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and look for ways to provide services in other public buildings at no cost • Move full-time firefighters from King's Lynn and Gorleston to Thetford, Dereham and other market towns. • Introduce 12 hour shift patterns for full-time firefighters • Moving full-time firefighters from King's Lynn and Gorleston to Thetford, Dereham and other market towns. Introducing a 12 hours shift pattern for all full-time firefighters There is no evidence to suggest that the proposals below will have any adverse impact on people with protected characteristics or rural communities: • Reduce the public mobile library fleet from nine to eight vehicles, reduce the frequency of some visits, stop the Saturday routes and change how we deliver books to residents of care homes • Reduce the opening hours, staffing and work of the Norfolk Record Office • Reduce the amount we spend on fire and rescue operational support – the services that help firefighters in carrying out their emergency response duties Actions to try to mitigate this impact are set out in Appendix A.
3.6.4	**Environment, Development and Transport** The EDT proposal that prompted most responses, 595 in total, was to change the council's Historic Environment Service. 56% of respondents disagreed with the proposal, and notably these included direct responses from: • All Party Parliamentary Archaeology Group • Forestry Commission - East England Forest District • Historic England • National Council for Metal Detecting. • Portable Antiquities Advisory Group, British Museum • Rescue, The British Archaeological Trust • The Council for British Archaeology Eastern Region Committee and Local Heritage Engagement Network • The Treasure Valuation Committee A range of arguments against the proposal were offered, with many emphasising the quality and value of the current service. The remaining proposals focus on roads and traffic, and reviewing these provides a helpful further insight into the feeling that many respondents have, that the council should focus on what they consider to be priority services. Proposals to spend less measuring and analysing traffic, and to use part of the capital budget to pay for highways maintenance, were both broadly supported. However, there was significant opposition to the remaining proposal, to spend less on maintaining roads, maintaining bridges and gritting. It is clear when reviewing the comments for all of these that, whilst

	people are generally happy with reductions to 'less important' services or with low impact savings, they are far less likely to support changes to perceived key services, particularly when they feel there may be implications for people's safety. The equality and rural assessments of the following four Environment, Development and Transport (EDT) proposals find no evidence of any disproportionate or significantly detrimental impact on people with protected characteristics or rural communities: • Change our Historic Environment Service so that we only do what we have to by law. • Spend less money measuring and analysing the traffic in Norfolk. • Use our capital budget to pay for some highways maintenance • Spend less on maintaining roads, maintaining bridges and gritting.
4	**More information on consultation findings and the outcome of equality and rural assessments** The detailed findings of equality and rural assessments of the budget proposals 2016-17 are available for inspection online here www.norfolk.gov.uk/budgetconsultation. The findings have been made available electronically rather than as a hard copy due to the size of the document.
5	**Conclusions**
5.1	An analysis of the more general overall themes emerging from the consultation and impact assessment evidence as a whole, particularly when assessed alongside the previous years' findings, shows that there are both consistently repeated contentions, and some emerging themes. These are outlined here, in conclusion to this report, as they provide important context to future service and financial planning.
5.2	Some of the consistent themes that remain as important now as previously are: • That people expect the council to be people-focused. Specifically, most people want to council to prioritise and protect the most vulnerable people, and do not support changes that will disproportionately affect them. They also do not support changes that reduce what they consider to be 'preventative' services that support people's wellbeing, and that reduce vulnerability. People's safety also remains an over-riding concern. • Rurality is an issue for Norfolk. Feedback to a number of proposals in this and previous consultations shows that getting around Norfolk, and receiving services, can be more difficult in rural areas, and can limit opportunities and outcomes particularly for vulnerable people. In their response it is clear that people expect the council to be fully aware of, and to plan for, the impact of rural issues. • People expect the council to be business-like and efficient; to keep costs down; to make efficiencies before cutting services; and to ensure that staff numbers and pay are appropriate and proportionate. • People, including key partners, expect us to be collaborative. People recognise the importance of the council as a county-wide organisation, but equally continue to feel that we could do more to engage and plan with partners earlier, and to consider innovative joint approaches to shared challenges.

5.3	Some emerging themes that are different to, or a development of, previous findings include: • A growing (if often reluctant) acceptance of austerity, and financial restriction, as part of the context of public sector planning. Linked to this: • A clear expectation that the council should make decisions based on clear priorities about what is important. This is reflected in broad comments about the council's strategy, but also tellingly in feedback about some of the more detailed decisions we need to make. Specifically people have increasingly caveated their acceptance of proposals with provisos like "as long as we can guarantee people's safety" or "as long as the most vulnerable people can still get to the service".
6	**Recommendations** **Policy & Resources Committee is asked to:** (1) Consider and note the findings of public consultation; (2) Note the Council's duty under the Equality Act 2010 to have due regard to the need to: • Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; • Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; • Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. (3) Consider the findings of equality impact assessments and rural impact assessments and agree the mitigating actions for each assessment.
7	**Financial Implications** The financial implications are detailed in the suite of related budget reports included on the agenda for this meeting.

Officer Contact

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

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Appendix A - mitigating actions

Where an assessment identifies a potential for adverse impact, mitigating actions are proposed. Actions recommended to mitigate the impacts identified through the equality and rural assessment process are summarised below:

Adult social care

Supporting people

1. Ensure effective transition plans are established for service users who may be affected by the proposals.

2. Work with district councils, commissioned services and local community groups to identify alternative support options for supporting people in their homes.

3. Work with charities, commissioned services and district councils to explore other funding options to continue to support homeless people.

Transport:

4. Work with service users/carers as part of the assessment and review process to identify the social care transport needs and options available to service users, taking their individual needs fully into account. This would include whether the mobility allowance is more suitable for the person's needs than having a Motability vehicle and/or whether more people need to be on the insurance to drive the Motability vehicle.

5. Where the assessment and review process highlights areas of limited accessible community or public transport provision in some parts of the county, which might result in affordability issues or a loss of independence for service users, offer appropriate travel planning support to service users/carers to make sure people are spending as effectively as possible.

6. Where the assessment process highlights areas of limited accessible community or public transport provision in some parts of the county, work with commissioners, communities and community transport providers to explore opportunities to address this, and inform strategic transport planning, to enable consideration to be given to whether there are opportunities to address this over the medium/long term.

7. Work with service providers in looking at the potential impact of this proposal and where appropriate explore options with them in sustaining their service.

8. Provide service users with support to help them plan and establish pooled budgets. Ensure staff supporting service users in this work have the appropriate skills – e.g. this may include community development skills. Monitor the extent to which service users are able to participate in this initiative.

9. Continue ongoing dialogue with transport providers to promote disability awareness and identify where further action can be taken to improve accessibility and increase the confidence of disabled people in using community and public transport.

10. Work with transport providers and service users to ensure drivers and personal assistants can deal appropriately with instances of bullying and harassment towards service users while travelling

11. As part of Adult Social Services strategy in supporting people to access local community services, explore potential opportunities to support local services in increasing their disability awareness, confidence and levels of accessibility.

12. Monitor the implementation of these mitigating actions, reporting back to the committee at six monthly intervals on progress for the initial two years (2019-21).

Children's Services

Reduce our funding for youth work

13. Continue to work with youth advisory boards to ensure they continue to prioritise equity for young people from rural areas and with protected characteristics;

14. Work with affected stakeholders to ensure that the reduction in funding does not disproportionately impact on groups supporting young people with protected characteristics or young people from rural areas.

Keep all Children's Centres open and focus their work on supporting the families that need them most

15. A further mitigating action is proposed to support equitable delivery of the proposal to keep all children's centres open:

16. Consideration be given to applying discretionary concessionary rates to any proposal to introduce fees. This would enable disabled parents or others on low incomes who might not otherwise be able to afford the entry fee to continue to receive support.

Communities

Reduce the Norfolk County Council Arts Budget by £10,000 in 2016/17

17. Ensure that arts organisations are signposted to appropriate alternative sources of funding or methods of income generation where available.

18. Provide support for arts organisations to plan effectively to mitigate the effects of funding cuts to their organisation.

19. Norfolk Arts Service will work to increase its strategic fundraising activity to support the continued development and sustainability of the sector.

Install technology to enable libraries to open with self-service machines (Open+) and Opening hour reductions at the Norfolk and Norwich Millennium Library

20. Consider the need for a visual fire alarm as well as an audible alarm.

21. Following customer recruitment day's consideration to be given to the need to provide information to customers in other languages.

22. Continue to monitor the age, gender and demographics of library customers.

23. Information on ‘group/organisation’ access to be made available.

24. Swipe and password entry points to be provided in an accessible way, both in location and type of equipment used.

25. Where appropriate due to demographics of local communities, consideration to be made for key information to be provided in alternative languages.

To reduce the spend on library materials by £300k gross

26. Continue to review materials spend to ensure it is targeted to those materials that are best able to meet the needs of library users.

Close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and look for ways to provide services in other public buildings at no cost

27. Pursue ‘no-cost’ accommodation options for delivery of a registration service at the four locations

Reduce the amount we spend on fire and rescue operational support – the services that help firefighters in carrying out their emergency response duties

28. Consultation with staff to gather ideas for alternate ways of achieving the same aim.

29. Ensure that gender implications are considered during development of role profiles, selection and grading processes for posts.

30. The removal of non-uniform posts and reduction in hours from within relatively small teams will create additional pressure on those remaining. Managers to work with their teams to agree on revised ways of working and priorities.

Moving full-time firefighters from King’s Lynn and Gorleston to Thetford, Dereham and other market towns. Introducing a 12 hours shift pattern for all full-time firefighters.

31. Consider ways to mitigate the impact on individuals as part of any staffing changes. This would include taking into account the needs and preferences of individuals as part of any process.

Redesign of Fire and Rescue on-call (retained) emergency response resources, including closing two fire stations

32. Work with Adult Social Services to identify those at greatest risk of fire in rural and urban areas and encourage them to have a home fire risk check, purchase and fit a smoke detector.

33. Continue to target older drivers to take up the Norfolk Gold Guidance for the Older Driver Scheme.

34. Cover provided in Norwich on a 24/7 basis by firefighters from North Earlham, Carrow and Sprowston. Note: If the proposal to move the Urban Search and Rescue (USAR) to North Earlham and provide 24/7 as whole time firefighters were to go ahead cover to be provided by Carrow and Sprowston should USAR be deployed.

35. In the case of Great Yarmouth cover to be provided 24/7 by Great Yarmouth wholetime firefighters, 12/7 by Gorleston day crewed (should the decision to move from a 24/7 service to a 12/7 service go ahead) and Gorleston retained.

36. Cover in West Walton and some of the cover at Outwell provided by Cambridgeshire FRS, at a cost. CFRS do not have to provide this cover, and could withdraw it if making their own IRMP changes.

Redesign of Fire and Rescue full-time (wholetime) emergency response resources (IRMP Proposal 1B and consultation proposal CMM023)

37. Work with Adult Social Services to identify those at greatest risk of fire in rural and urban areas and encourage them to have a home fire risk check, purchase and fit a smoke detector.

38. Continue to target older drivers to take up the Norfolk Gold Guidance for the Older Driver Scheme.

39. Staff being redeployed would be asked for their preferences in terms of location and where possible we would try to accommodate them – but this may not always be possible. If the resultant redundancies cannot be managed by natural wastage and transfers a separate assessment will be needed for redundancy selection to ensure that there is not adverse impact in terms of protected characteristics.

40. Liaise with the University at start of the academic year to provide information about fire safety for students.

EDT

Use our capital budget to pay for some highways maintenance, Spend less on maintaining roads, maintaining bridges and gritting

41. Identify which highway maintenance standards will be reduced and to what extent

42. Apportionment of the capital budget between structural maintenance, bridge strengthening and new infrastructure will be considered in a report at the EDT Committee in January 2016

Policy and Resources Committee

Item No 6 iii

Report title:	**Minimum Revenue Provision Policy 2015-16 (revision) and 2016-17**
Date of meeting:	**8 February 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements, and can be thought of as a provision for "debt repayment".

Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) require that a local authority "shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

Executive summary

A minimum revenue provision (MRP) policy is set each year by the County Council. The revised policy, if approved, will release revenue to support the revenue budget, without compromising the Council's responsibility to set aside amounts sufficient to re-pay its debt.

Members are asked to:

- **approve the revised 2015-16 Minimum Revenue Provision statement set out in Appendix 2, to be applied in 2015-16 and 2016-17**
- **note that the policy is approved annually by County Council and**
- **note that the policy will be scrutinised annually by the Treasury Management panel before passing to the Policy and Resources Committee for further debate, to ensure the policy continues to reflect the needs of the authority.**

1. Introduction

1.1 MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements, and can be thought of as a provision for "debt repayment".

1.2 The MRP policy should be set by the authority's full Council, and changes should also be approved at full Council.

2. Evidence

2.1 This report proposes a revision to the Council's MRP policy. The reasons for and implication of the policy are set out in Appendix 1, and the revised policy is attached as Appendix 2.

2.2 The key change relates to pre 1 April 2008 capital expenditure, and later expenditure funded through the supported borrowing regime which existed until that date. The current policy calculates MRP on this element by applying a set percentage (4%) on a reducing balance basis. The revised policy adapts the Regulatory Method of accounting for MRP by setting aside a fixed amount each year, calculated as 2% of the balance at 31 March 2015. This annual amount of "pre-2008" MRP will be £10.158m.

2.3 In addition, the policy has been changed to align the capital receipt received when debt is repaid by third parties with the associated Council debt repayment, thus removing the need to account for MRP in these circumstances. This has been extended to include projects where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes.

2.4 A further change allows for a wider application of the annuity method for post 2008 expenditure, where appropriate and as allowed for under statutory guidance.

2.5 With all authorities facing significant financial challenges, a number of councils across the country are reviewing their MRP policy, and the proposed approach has already been adopted by other authorities.

Council's Treasury Management Panel – summary of conclusions and observations

2.6 The proposed MRP policy was discussed by the Council's Treasury Management Panel on 7 January 2016. As a result of their recommendations the following changes have been made to the proposed P&R report:

- Projections of savings covering the next 10 years
- A note that the TM panel will review the policy annually, in advance of it being considered by the P&R Committee.

2.7 Points raised by Treasury Panel included the following:

- The approach reflects a more autonomous authority
- Whether it is prudent to reduce the money being set aside
- That the current policy may be overly prudent
- The policy includes a provision such that there will always be sufficient to service debt repayments
- The need to align the policy with the needs of the authority in the current financial climate
- Whether in 5 year's time the savings will need to be found again
- The policy will need to be reviewed regularly.

2.8 In conclusion the Panel supported a change in the MRP policy provided that:

- further details on future savings is provided to Policy and Resources Committee (now included in the table at 5.7) and

- the policy is scrutinised annually by the Treasury Management Panel to ensure it continued to reflect the needs of the County Council before being passed to the Policy and Resources Committee and Full Council for approval.

This report has been updated to reflect the Panel's conclusions.

Council's Audit Committee

2.9 The MRP policy was discussed at the Council's Audit Committee on 28 January 2016. The Committee considered the policy and the observations above, and noted the impact of the proposed MRP policy.

3. Financial Implications

When the latest MRP rules were revised in 2008, the Council operated in a very different financial climate.

The proposed "straight line" method will result in full provision, whilst remaining prudent and affordable. Under the proposed method, all "pre-2008" debt will be fully provided for over a period of 50 years.

The latest estimate of MRP in 2015-16 under the current method is £24.9m, of which £20.3m relates to pre 2008 capital expenditure. The revised policy will allow MRP to reduce by £10.157m in 2015-16 and £9.345m in 2016-17. The impact on the revenue budget over the medium term, after allowing for reduced interest receivable, is shown in paragraph 5.7 of Appendix 1.

4. Issues, risks and innovation

Risk implications

4.1 Financial risk is considered as part of the overall budget setting process and financial monitoring throughout the year as reported to members.

4.2 The policy has been shared with the Council's auditors and advisors, and their views have been taken into consideration.

5. Background

5.1 The County Council approved the original 2015-16 MRP policy at its meeting on 16 February 2015.

Officer Contact

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Norfolk County Council

Appendix 1: Rationale and Implications of new MRP policy

1. Purpose

1.1. This paper reviews the Council's General Fund minimum revenue provision ("MRP") policy and sets out proposed changes.

2. Statutory basis of MRP

2.1. Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) require that a local authority "shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

2.2. MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements, and can be thought of as a provision for "debt repayment".

2.3. The Secretary of State has issued statutory Guidance on determining the "prudent" level of MRP. Authorities are required to have regard to this guidance. The current revision of the Guidance is the third edition applicable from 1 April 2012. The Guidance is in turn supported by an "informal commentary" from the Department of Communities and Local Government.

2.4. The Guidance clarifies that the MRP policy should be set by the authority's full Council (or closest equivalent), and changes should also be approved at full Council.

2.5. In 2007 the Government concluded that previous prescriptive arrangements should be replaced by a system of self-regulation. The Informal Commentary to the Capital Finance and Accounting (Amendment) (England) Regulations 2007 said "the present scheme of MRP looks out of place in the broader context of the Prudential system, which is based on simple legislation backed up by standard accounting codes and guidance, and allows authorities significant local discretion based on their own judgement as to what is prudent".

3. The Council's objectives in reviewing its MRP Policy

3.1. The Council's MRP policy has evolved since 2007, at the start of the new MRP system, but remains essentially unchanged.

3.2. The statutory guidance issued gave examples of how MRP could be calculated easily and conservatively, and most authorities adopted them without adaptation which resulted in very prudent MRP policies.

3.3. With all authorities facing significant financial challenges, a number of councils across the country are reviewing their MRP policy and are amending those calculations which now seem over-prudent.

3.4. A number of relatively minor adjustments have been made over the years as new types of project have arisen, for example in relation to loans to companies. However, these changes have not addressed the question of what is prudent, after having regard to the statutory guidance.

3.5. Substantial General Fund budget reductions are required over the next three financial years, in addition to the substantial reductions already made. The Council should seek to ensure a stable and deliverable financial transition over the next few years, in the interest of prudent management of the Council's finances generally as well as MRP.

4. Principles of MRP: the meaning of "prudent provision"

4.1. Regulations do not define the meaning of the term "prudent provision" in regulation 28.

4.2. The statutory MRP Guidance to which the Council must have regard states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant".

4.3. The Guidance does not stipulate a minimum amount of provision to be made in any particular year, providing that the broad aims or prudent provision are met. It does suggest four options, two of which apply to pre-2008 supported borrowing, and two which relate to schemes funded from borrowing under the "prudential borrowing" regime.

4.4. Of the four options suggested, two have not been used by Norfolk County Council

Applicable to pre 1 April 2008 expenditure and later expenditure funded through supported borrowing	**Used in existing MRP policy?**
Option 1 – regulatory method: applying the statutory formula set out in the 2003 Regulations (as amended) before it was revoked by the 2008 Regulations	No
Option 2 – CFR method: multiplying the Capital Financing Requirement at the end of the preceding financial year by 4%.	Yes
Applicable to Post April 2008 expenditure funded through "prudential borrowing"	
Option 3 – asset life method: amortising expenditure over an estimated useful life for the relevant assets created.	Yes
Option 4 – depreciation method: making charges to revenue based on proper practices for depreciation as they apply to the relevant assets.	No

4.5. In having regard to the Statutory Guidance, and if agreed, the Council will adapt Option 2 as described in Section 5 below, and continue to apply Options 3, as described in section 6 below.

4.6. Actual MRP provision in the past five years has been as follows:

MRP	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
	£m	**£m**	**£m**	**£m**	**£m**
On pre-2008 Supported Borrowing	23.470	23.970	23.012	22.078	21.180
On Unsupported Prudential Borrowing	1.409	1.576	2.182	2.330	2.414
On Finance Leases and other adjustments	4.079	3.878	4.150	2.778	2.911
Total	28.958	29.424	29.344	27.186	26.505

4.7. The latest estimate of MRP due in 2015-16 is £24.9m. In accordance with the objectives set out in section 3 above, proposed changes to the Council's MRP policy are described below. A revised MRP policy Statement accompanies this paper.

5. Proposed changes to MRP policy - pre 1 April 2008 expenditure, and later expenditure funded through supported borrowing

5.1. The CFR method multiplies the Capital Financing Requirement at the end of each preceding financial year by 4%, which reduces the CFR balance accordingly. This "reducing balance" method has the characteristic that the debt is never entirely repaid, but in any one year may be in excess of the amount actually needed to be set aside to re-pay debt.

5.2. The amount set aside for MRP on pre-2008 supported borrowing under the CFR method using a 4% reducing balance, is as follows:

Financial year	Capital Financing Requirement on pre-2008 supported borrowing (start of year)	Estimates of 4% MRP on b/f CFR	Other movements in CFR
	£m	£m	
2008-09	547.207	-21.888	41.858
2009-10	567.177	-22.687	42.257
2010-11	586.747	-23.470	35.983
2011-12	599.260	-23.970	0.002
2012-13	575.292	-23.012	-0.329
2013-14	551.951	-22.078	-0.381
2014-15	529.492	-21.180	-0.429
2015-16	507.883	-20.315	-0.480
2016-17	487.088	-19.484	-0.494
2017-18	467.110	-18.684	-0.344
2018-19	448.082	-17.923	-

Note: prior to 2014-15, MRP on unsupported or prudential borrowing on pre 2008 expenditure was calculated separately. The figures in the tables above have been attributed in accordance with the method used since 2014-15, which absorbed all pre-2008 borrowing into the supported borrowing figure.

5.3. In recent years the amount set aside as MRP on pre-2008 expenditure is in the order of £20m, reducing by approximately 4% each year. Increases in the CFR and MRP in the years immediately after 2008 are accounted for by post 2008 expenditure which was funded through pre-2008 supported borrowing. This expenditure is shown in the "other movements" column, along with annual adjustments for finance leases.

5.4. As noted above, the Statutory Guidance for borrowing supported by Government Revenue Support Grant says that prudent provision should be made to ensure that debt is repaid over a period reasonably commensurate with the period implicit in the determination of that grant. However, since the Business Rates changes in 2013-14 there is no component of grant determining an implicit level of support for debt re-payment so prudent but affordable alternatives need to be explored.

5.5. The reducing balance method currently applied to pre-2008 expenditure means that it will take more than 150 years to bring the debt to below £1m, and full provision for debt re-payment will never be made.

5.6. A straight line method will mean that MRP in respect of 2008 debt is fully provided over a pre-defined period. It is therefore proposed that it would be prudent and affordable to adapt the Regulatory Method of accounting for MRP by setting aside a fixed amount each year, calculated as 2% of the balance at 31 March 2015. This annual amount will be £10.158m.

5.7. The effect on MRP in 2015-16 and 2016-17 is estimated as follows.

Financial year	Current policy	Revised policy	Direct effect on revenue budget	Max impact on interest receivable (cumulative)	Net effect on revenue budget
	£m	£m	£m	£m	£m
2015-16	20.315	10.158	10.157	0.050	10.107
2016-17	19.503	10.158	9.345	0.148	9.197
2017-18	18.723	10.158	8.565	0.238	8.327
2018-19	17.974	10.158	7.816	0.320	7.496
2019-20	17.255	10.158	7.097	0.394	6.703
2020-21	16.565	10.158	6.407	0.462	5.945
2021-22	15.902	10.158	5.744	0.523	5.222
2022-23	15.266	10.158	5.108	0.577	4.531
2023-24	14.655	10.158	4.498	0.625	3.873
2024-25	14.069	10.158	3.911	0.667	3.244
2025-26	13.506	10.158	3.349	0.703	2.645
Note: some figures above subject to rounding differences					

5.8. In the initial years, the “pre-2008” element of MRP using a 2% straight line calculation is lower than using a 4% reducing balance. The amounts become comparable in the 18th year, and the contribution remains constant thereafter to ensure that debt is fully provided after 50 years, rather than the alternative which leaves £65m not provided at that point. The proposed fixed rate therefore ensures that the pre-2008 debt is fully provided considerably earlier than it would be under the existing method, and 50 years, is a reasonable approximation of the average useful life of assets funded by this expenditure such as land, highways and school buildings.

5.9. Because under the current policy the MRP reduces each year, and under the proposed policy it is a fixed annual charge, the net effect of the proposed policy on the revenue budget will reduce over time, as shown in the table above.

5.10. The net financial impact of the change in policy depends on the assumptions made as to whether the savings will be spent. The cumulative effect of reduced interest received on balances is shown in the above table on the basis that MRP savings will be incorporated into future revenue budgets and will be spent mid-year, and that interest on balances will be at an average of 1%.

5.11. The latest estimate of total MRP due in 2015-16 under the current policy is £24.9m, including £20.315m in relation to pre-2008 borrowing. The Council’s section 151 officer will apply the revised policy to calculate the prudent amount to set aside in 2015-16, and as part of the budget setting process for 2016-17. As can be seen from the table above, this will lead to in-year expenditure reductions of £10.157m in 2015-16 and £9.345m in 2016-17, offset by the reduction in interest receivable shown in the table above.

6. Proposed changes to MRP policy - Post April 2008 expenditure funded through “prudential borrowing”

6.1. For Post April 2008 expenditure funded through “prudential borrowing, it is proposed to continue to use Option 3, the asset life method: amortising expenditure over an estimated useful life for the relevant assets created.

6.2. Under this method, MRP is chargeable in the first financial year after the relevant asset becomes operational, although where not material smaller assets (under approximately £1m) may be combined for the purpose of calculations and MRP calculated on expenditure in the previous year.

6.3. Option 3 allows for an equal instalment method, or the annuity method, where appropriate. The annuity method is likely to be appropriate where an asset produces a steady or increasing flow of benefits over its useful life. Existing practice has been to use the equal instalment method for assets apart from those funded through loans to third parties, but significant new and existing asset will be assessed for the most appropriate treatment. The current policy specifically applies the annuity method to loans to third parties, but this is no longer relevant due to the proposed change in 7 below.

7. Proposed changes to MRP policy – loans to third parties

7.1. It is proposed to amend the MRP policy in relation to capital loans. The change will require repayment provision to be made from the capital receipts arising from the repayment of the loan by the third party, subject to a revenue charge if the loan is impaired or uncertain.

7.2. This amendment will also extend to arrangements where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes which could otherwise not be used to service the (revenue) MRP charge.

7.3. This change will have only a marginal effect on MRP, approximately £0.064m in 2015-16, but it has the effect of matching the annual re-payments of capital by third parties with the notional re-payment of debt which accords with the underlying purpose of MRP.

7.4. No additional revenue provision is necessary because under The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, capital receipts may be used to repay the principal of any amount borrowed.

8. Treasury Management

8.1. The Council's average cash balances in December 2015 were over £200m, with a minimum in the year to date of £174m.

8.2. There is no direct impact on Treasury Management from the above proposals. However, there is a potential indirect impact in that reducing MRP will allow increased cash expenditure from the annual revenue budget, and the impact of this on interest receivable is taken into account above.

8.3. The Prudential Code for Capital Finance in Local Authorities 2011 Edition has been reviewed, and the proposal will have no direct effect on prudential indicators. The code covers affordability and prudence, and this proposal is consistent with the guidance. The Code states that an Authority should set upper and lower limits with respect to the maturity structure of its borrowing. While this proposal does not affect the limits, the effect on the MRP under the proposed policy would need to be taken into account if the current debt was to be radically re-structured in accordance with the current maximum limits.

8.4. The Code of Practice and Cross Sectoral Guidance Notes (2011 Edition) and Treasury Management in the Public Services Guidance Notes for Local Authorities 2011 Edition do not address MRP specifically, but they do address managing treasury management risks, in particular effective cash and cash flow forecasting and monitoring systems to identify potential cash flow variations and shortfalls. The proposed policy clearly allows for sufficient funds to be built up to ensure debt can be re-paid in the short, medium and long term.

8.5. The Cross Sectoral Guidance also addresses decision making and says that the organisation should consider the on-going revenue liabilities created, and the implications for the organisation's future plans and budgets. Again, this proposal is fully consistent with this advice.

9. Conclusions

9.1. The proposals above are considered to be consistent with the statutory duty on the Council to make prudent provision, having regard to the Government Guidance and advice received.

Norfolk County Council

Appendix 2: Proposed MRP statement 2015-16 (revision) and 2016-17

A1 Regulations issued by the Department of Communities and Local Government in 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement in advance of each year.

A2 Members are asked to approve the MRP statement annually to confirm that the means by which the Council plans to provide for repayment of debt are satisfactory. Any revisions to the original statement must also be issued. Proposals to vary the terms of the original statement during the year should also be approved.

A3 MRP is the provision made in the Council's revenue budget for the repayment of borrowing used to fund capital expenditure - the Council has a statutory duty to determine an amount of MRP which it considers to be prudent, having regard to guidance issued by the Secretary of State.

A4 For 2015-16, the Council has adopted the following revision to its policy in relation to calculating the Minimum Revenue Provision, and this policy will also apply in 2016-17:

- For capital expenditure incurred before 1 April 2008, and all capital expenditure since that date which is supported by Formula Grant (supported borrowing), the MRP policy will be provide a fixed annual sum of £10.158m, calculated as 2% of the 31 March 2015 pre-2008 Capital Financing Requirement balance.
- For expenditure since 1 April 2008, the MRP policy for schemes funded through borrowing will be to base the minimum provision on the estimated life of the assets in accordance with the guidance issued by the Secretary of State.

A5 Where loans are made to third parties for capital purposes, the capital receipt received as a result of each repayment of principal, under the terms of the loan, will be set aside in order to re-pay NCC borrowing and to reduce the Capital Financing Requirement accordingly. MRP will only be accounted for if an accounting provision has been made for non-repayment of the loan or if there is a high degree of uncertainty regarding the repayment. This arrangement will also be applied where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes.

A6 The Council will continue to make provision at least equal to the amount required to ensure that each debt maturity is met.

Policy and Resources Committee

Item No 6 iv

Report title:	**Annual Investment and Treasury Strategy 2016-17**
Date of meeting:	**8th February 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

It is a regulatory requirement for local authorities to produce an Investment and Treasury Strategy for the year ahead. The Strategy forms an important part of the overall management of the Council's financial affairs and details the criteria for choosing investment counterparties and managing the authority's underlying need to borrow for capital purposes.

Executive summary

In accordance with regulatory requirements, this report presents the Council's investment and borrowing strategies for 2016-17, including the criteria for choosing investment counterparties.

Despite some improvement in general economic and financial indicators, the environment in which the Council's treasury activity operates remains challenging. The Bank of England's Base Rate remains at 0.5%, constraining investment returns.

A flexible approach to borrowing for capital purposes will be maintained which avoids the 'cost of carrying debt' in the short-term.

The proposed 2016-17 Strategy is largely unchanged from that approved for 2015-16; the strategy incorporates a diversified pool of high quality counterparties and the maximum deposit duration is currently three years.

At the 30th December 2015, the Council's external debt was £490M and its investments totaled £197M.

Recommendation:

It is recommended that the Policy and Resources Committee endorse and recommend to County Council; the Annual Investment and Treasury Strategy for 2016-17, including the treasury management Prudential Indicators detailed in Section 8.

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce a treasury management strategy for the year ahead. The County Council is required to comply with the Code through regulations issued under the Local Government Act 2003 and has adopted specific clauses and policy statements from the Code as part of its Financial Regulations.

1.2 Complementary to the CIPFA Code is the Department for Communities and Local Government's (DCLG's) Investment Guidance, which requires local authorities to produce an Annual Investment Strategy.

1.3 This report combines the reporting requirements of both the CIPFA Code and DCLG's Investment Guidance.

2. Evidence

2.1 The primary objectives of the Council's Investment and Treasury Strategy are to safeguard the timely repayment of principal and interest, whilst ensuring adequate liquidity for cash flow and the generation of investment yield. A flexible approach to borrowing for capital purposes will be maintained which avoids the 'cost of carrying debt' in the short term. This strategy is prudent while investment returns are low and the investment environment remains challenging.

The annex summarises:

- The Treasury Management Function
- Capita Asset Services Economic Forecast
- Investment Strategy 2016-17 - Background
- Investment Strategy 2016-17 – Counterparty Criteria
- Investment Strategy 2016-17 – Specified & Non-Specified Investments
- Investment Strategy 2016-17 – Counterparty Monetary & Time Limits
- Borrowing Strategy 2016-17
- Treasury Management Prudential Indicators
- Leasing

3. Financial Implications

Financial implications relating to this Strategy (budget forecasts for interest receivable from investment deposits and interest payable on borrowing) have been incorporated in the 2016-17 Revenue Budget and will be monitored and reported to Policy and Resources Committee throughout the year as part of the regular monitoring process.

The Council's budget for interest payable on external borrowing has been constructed on the basis that the County Council will continue to postpone new borrowing for capital purposes to avoid the cost of 'carrying' debt in the short term.

4. Issues, risks and innovation

Risk implications

4.1 The County Council's treasury management activities provide for "the effective management of risk while pursuing optimum performance consistent with those risks." The Annual Investment & Treasury Strategy 2016-17 describes the parameters for risk management. Operationally, a risk register is maintained to monitor risks and control measures.

5. Background

5.1 The investment and borrowing strategy presented in this report for approval form an important part of the overall financial management of the Council's affairs. They have been produced in accordance with best practice and guidance and in consultation with the Council's external treasury advisors.

Officer Contact

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Annual Investment and Treasury Strategy 2016-17

1. The Treasury Management Function

1.1 The CIPFA Code defines treasury management activities as “the management of the Council’s cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties, providing adequate liquidity before considering investment return.

1.3 A further function of the treasury management service is funding of the Council’s capital plans. These capital plans provide a guide to the borrowing requirement of the Council, essentially the longer term cash flow planning, typically 30 years plus, to ensure the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using internal cash balances on a temporary basis. Debt previously borrowed may be restructured to meet Council risk or cost objectives.

1.4 The County Council has delegated responsibility for the implementation of its treasury management policies and practices to the Council’s Policy and Resources Committee. Day to day execution and administration of treasury management decisions has been delegated to the Executive Director of Finance. The cross party Treasury Management Panel has specific responsibilities regarding the monitoring of treasury management activities.

1.5 External treasury management services are provided by Capita Asset Services.

Capita Asset Services provides a range of services which include:

- Technical support on treasury matters and capital finance issues.
- Economic and interest rate analysis.
- Debt services which includes advice on the timing of long term borrowing.
- Debt rescheduling advice surrounding the existing portfolio.
- Generic investment advice on interest rates, timing and investment instruments.
- Credit ratings/market information service for the three main credit rating agencies (Fitch, Moody’s and Standard & Poors).

1.6 Whilst Capita Asset Services provides support to the treasury function, under market rules and in accordance with the CIPFA Code of Practice, the final decision on treasury matters remains with the County Council.

1.7 The Council also receives information and guidance from a number of professional sources operating in the financial markets, such as money brokers and investment managers. The Council's finance staff regularly participate in practitioner networks and organisations which share treasury management information and best practice. The Council's Chief Investment Manager is a member of CIPFA's Treasury Management Network Advisory Panel.

1.8 Member consideration of treasury management matters and the need to ensure that officers dealing with treasury management are trained and kept up to date, requires a suitable training process for both Members and officers. The County Council has addressed this important issue by:

- Providing training presentations to Members of the Treasury Management Panel as part of the meeting agenda.
- Providing treasury related briefings to Members on specific issues.
- Providing treasury management induction training for all new staff and refresher training for existing staff.
- Supporting treasury management related Continued Professional Development targets as part of the annual appraisal process.
- Maintaining a training log within the Treasury Management Practices manual.

1.9 In accordance with the Code of Practice on Treasury Management, performance will continue to be monitored and reported to Policy and Resources Committee as part of the Revenue Monitoring Report and regularly to the Treasury Management Panel.

1.10 The Council's treasury management and debt management performance is also benchmarked externally against other local authorities as part of the Council's membership of CIPFA's benchmarking clubs. Through the active participation in treasury management networking groups, the Council is also able to benchmark its investment strategy with other local authorities. The Council's current strategy is closely aligned with its peers.

2. Capita Asset Services Economic Forecast

2.1 <u>Economic Overview</u>

2.1.1 **UK -** The Bank of England's November Inflation Report forcast UK growth to remain around 2.5% to 2.7% over the next three years. This growth will be mainly driven by strong consumer demand as the squeeze on disposable incomes is reversed by the recovery in wage inflation, helped by CPI inflation being around zero. Investment expenditure is also expected to support growth over the medum term. Strong growth has resulted in unemployment falling quickly to it's current level of 5.1%.

In contrast, worldwide economic statistics have weakened of late and the latest quarterly UK Inflation Report flagged up particular concerns for the potential impact on the UK. Most notably in respect of future inflation forecasts which are barely expected to get back up to the 2% target within the 2-3 year time horizon. More falls in the price of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation.

There remains considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the Monetary Policy Committee will decide to make a start on increasing Bank Rate.

USA - The Fed. pulled back from making its first rate increase in September 2015 due to a weakening in Chinese and Japanese growth. However, strong US employement growth in October resulted in the Fed. increasing rates by 0.25% in December 2015 and revising upwards its economic growth forecast for 2016.

Eurozone – In December 2015, the European Central Bank has recently cut interest rates to minus 0.3% and extended it's programme of quantitive easing to March 2017 in an attempt to tackle low inflation and promote economic growth. The move was aimed at encouraging banks to lend more money in order to stimulate the wider economy.

2.1.2 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Investment returns are likely to remain relatively low during 2016-17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

2.1.3 The following table gives Capita Asset Services central view of UK Base Rate and Public Works Loan Board (PWLB) borrowing rates:

Quarter Ending	Base Rate (%)	PWLB Borrowing Rates (%)		
		5 year	25 year	50 year
Mar 2016	0.50	2.00	3.40	3.20
June 2016	0.50	2.10	3.40	3.20
Sept 2016	0.50	2.20	3.50	3.30
Dec 2016	0.75	2.30	3.60	3.40
Mar 2017	0.75	2.40	3.70	3.50
June 2017	1.00	2.50	3.70	3.60
Sept 2017	1.00	2.60	3.80	3.70
Dec 2017	1.25	2.70	3.90	3.80
Mar 2018	1.25	2.80	4.00	3.90
June 2018	1.50	2.90	4.00	3.90
Sep 2018	1.50	3.00	4.10	4.00
Dec 2018	1.75	3.10	4.10	4.00
Mar 2019	1.75	3.20	4.10	4.00
Increase over the 3 year period	+1.25	+1.20	+0.70	+0.80

3. Investment Strategy 2016-17 - Background

3.1 Forecasts of short-term interest rates, on which investment decisions are based, have been progressively pushed back over the last year from the fourth quarter of 2015 to the fourth quarter of 2016. There is a risk that if economic growth weakens and there is further deterioration of global economic prospects, increases in the Bank Rate will be pushed back even further.

3.2 The investment earnings rates which most closely matches our average deposit profile is the 3 month LIBID (London Intra Bank Bid rate for money market trades) forecast. The budgeted interest rates for the following 3 financial years are as follows:

Financial Year	Budgeted Interest Earnings
2016-17	1.00%
2017-18	1.25%
2018-19	1.50%

3.3 The 2016-17 County Council net budget provision (after adjusting for internal interest earning accounts) for interest receivable is approximately £1.5M.

3.4 There are 3 key considerations to the treasury management investment process. CLG's Investment Guidance ranks these in the following order of importance:

- security of principal invested,
- liquidity for cash flow, and
- investment return (yield).

Each deposit is considered in the context of these 3 factors, in that order.

3.5 CLG's Investment Guidance requires local authorities to invest prudently and give priority to security and liquidity before yield, as described above. In order to facilitate this objective, the Guidance requires the County Council to have regard to CIPFA's Code of Practice for Treasury Management in the Public Sector.

3.6 The key requirements of both the Code and the Investment Guidance are to produce an Annual Investment and Treasury Strategy covering the following:

- Guidelines for choosing and placing investments – Counterparty Criteria (Section 4).
- Details of Specified and Non-Specified investment types (Section 5).
- Identification of the maximum period for which funds can be committed – Counterparty Monetary & Time Limits (Section 6).

4. Investment Strategy 2016-17 - Counterparty Criteria

4.1 The Council works closely with its external treasury advisors to determine the criteria for high quality institutions. The Council applies a minimum acceptable credit rating criteria in order to generate a pool of highly creditworthy counterparties which provides diversification and avoids concentration risk. The key ratings used to monitor counterparties are Short Term and Long Term credit ratings. This is in compliance with the CIPFA Treasury Management Code of Practice.

4.2 The criteria for providing a pool of high quality investment counterparties for inclusion on the Council's 'Approved Authorised Counterparty List' is provided below. A counterparty remains active as long as <u>both</u> the short and long term ratings issued by at least <u>one of the three</u> rating agencies (Fitch, S&P or Moodys) remains at or above the minimum credit rating criteria specified below for UK or Non-UK Banks. In addition, Non-UK Banks must be domiciled in a country which has a sovereign rating of AA+ assigned by <u>one of the three</u> credit rating agencies. The respective Fitch, Standard and Poors and Moody's Short and Long term ratings are detailed in Appendix 1.

- **Banks:**

  (i) **UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria.

UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

  (ii) **Non-UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria and a sovereign rating of AA+ assigned by one of the three credit rating agencies.

Non-UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- **Part Nationalised UK Bank:** Royal Bank of Scotland Group. This bank is included while it continues to be part nationalised or it meets the ratings for UK Banks above.

- **The County Council's Corporate Banker:** If the credit ratings of the County Council's corporate banker (Barclays Bank plc) fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time.

- **Building Societies:** The County Council will use Building Societies which meet the ratings for UK Banks outlined above.

- **Money Market Funds (MMFs):** which are rated AAA by at least two of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposit. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks.

- **UK Government:** including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.

- **Local Authorities, Parish Councils etc.:** Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.

4.3 The Executive Director of Finance is responsible for maintaining an Approved Authorised Counterparty List in accordance with the above criteria. Credit rating information is supplied by our treasury advisors on all active counterparties that comply with the above criteria. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer term change) are provided by our treasury advisors immediately they occur. The Approved Authorised Counterparty List is actively managed on a day-to-day basis and when an institution no longer meets the Council approved counterparty criteria, it is immediately removed. The List is reviewed at least once a year for any possible additions. An indicative list, reflecting the ratings above is attached (Appendix 2).

4.4 All cash invested by the County Council will be either Sterling or Euro deposits (including Sterling certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List. The inclusion of Euro deposits will enable the County Council to effectively manage (subject to European Central Bank deposit rates) Euro cash balances held for schemes such as the France-Channel-England Project. Whilst Euro Balances remain relatively small, they will be managed in addition to the specified sterling monetary limits detailed in Section 6.

4.5 The Code of Practice requires local authorities to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for use, additional market information will be used to inform investment decisions. This additional market information includes, for example, Credit Default Swap rates and equity prices in order to compare the relative security of counterparties.

5. Investment Strategy 2016-17 – Specified & Non-Specified Investments

5.1 As determined by CLG's Investment Guidance, Specified Investments offer "high security and high liquidity". They are Sterling denominated and have a maturity of less than one year. Institutions of "high" credit quality are deemed to be Specified Investments. From the pool of high quality investment counterparties identified in Section 4, the following are deemed to be Specified Investments where the period of deposit is 364 days or less:

- Banks: UK and Non-UK;
- Part Nationalised UK Banks;
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, Parish Councils etc.

5.2 Non-Specified Investments are those investments that do not meet the criteria of Specified Investments. From the pool of counterparties identified in Section 4, they include:

- Any investment greater than 364 days.
- Any Euro deposits specifically related to the management of Euro cash balances held by the County Council.

5.3 The categorisation of 'Non-Specified' does not in any way detract from the credit quality of these institutions, but is merely a requirement of the Government's guidance.

5.4 The Council's proposed Strategy therefore includes both Specified and Non-Specified Investment institutions.

6. Investment Strategy 2016-17 - Counterparty Monetary & Time Limits

6.1 The level of cash balances represents money received in advance of it being required to meet the cost of County Council services. Balances are also required to support the Council's cash backed reserves and provisions which are held for specific purposes. Cash balances fluctuate on a daily basis as the receipt of this income does not exactly match the timing of the expenditure. Whilst the average level of daily cash balances is forecast to be around £175M in 2016-17, the timing of receipts over payments could increase this to nearer £215M on occasions.

6.2 The County Council also provides treasury management services to other bodies (the Norse Group, Independence Matters and the Norfolk Pension Fund). The average daily cash balance of these other bodies is expected to total £25M.

6.3 Lending limits have been calculated to accommodate forecast cash balances and to achieve diversification of counterparty. Separate lending limits have been determined for the County Council and the other bodies and assigned to each counterparty on the Approved Authorised Counterparty List.

COUNTERPARTY	NCC LENDING LIMIT (£M)	OTHER BODIES LENDING LIMIT (£M)	TIME LIMIT
UK Banks	£70M	£30M	**Up to 3 Years** (see notes below)
Non-UK Banks	£35M	£20M	**1 Year**
Royal Bank of Scotland / Nat. West. Group	£70M	£30M	**2 Years**
Building Societies	£35M	£20M	**1 Year**
MMFs	£35M (per Fund)	£20M (per Fund)	**Instant Access**
Debt Management Account Deposit Facility	Unlimited	Unlimited	**6 Months (being max period available)**
Sterling Treasury Bills	Unlimited	Unlimited	**6 Months (being max period available)**
Local Authorities	Unlimited (individual authority limit of £20m)	Unlimited (individual authority limit of £10m)	**3 Years**
The Norse Group (short-term deposit)	£15M	Nil	**1 Year**
The Norse Group (Long-term capital loans)	As specified in the County Council's Approved Capital Programme	Nil	**Up to 7 years** (see notes below)

Notes:

- In addition to individual institutional lending limits, 'Group Limits' are used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total lending limit. For example, in the case of Lloyds TSB and Bank of Scotland, the group lending limit for the Lloyds Banking Group is £70M.

- The maximum deposit period for UK Banks is based on the following tiered credit rating structure:

Long Term Credit Rating (Fitch or equivalent)	Maximum Duration
AA-	Up to 3 years
A	Up to 2 years
A-	Up to 1 year

Deposits may be placed with the Royal Bank of Scotland as a UK Part Nationalised Bank and Local Authorities may be made for periods of 2 and 3 years respectively.

- The Council will only use non-UK banks from countries with a minimum sovereign rating of AA+ The sovereign rating of AA+ must be assigned by one of the three credit rating agencies. No more than £35M will be placed with any individual non-UK country at any time.

- For each of the three other bodies (the Norse Group, Independence Matters, and the Norfolk Pension Fund) a lending limit of no more than 50% of cash balances is to be deposited with any one single counterparty, up to a maximum monetary limit of £10M per counterparty.

- Long-term Norse loans are approved as part of the County Council's capital programme and subject to appropriate due diligence. While strictly capital loans, their impact on cash balances is monitored as part as part of the County Council's treasury operations.

6.4 It is estimated that in 2016-17, the maximum level of Council funds invested for periods greater than 364 days (and therefore categorised as a non-specified investment – see Section 5) will be no more than £100M based on current projected cash balances.

7. Borrowing Strategy 2016-17

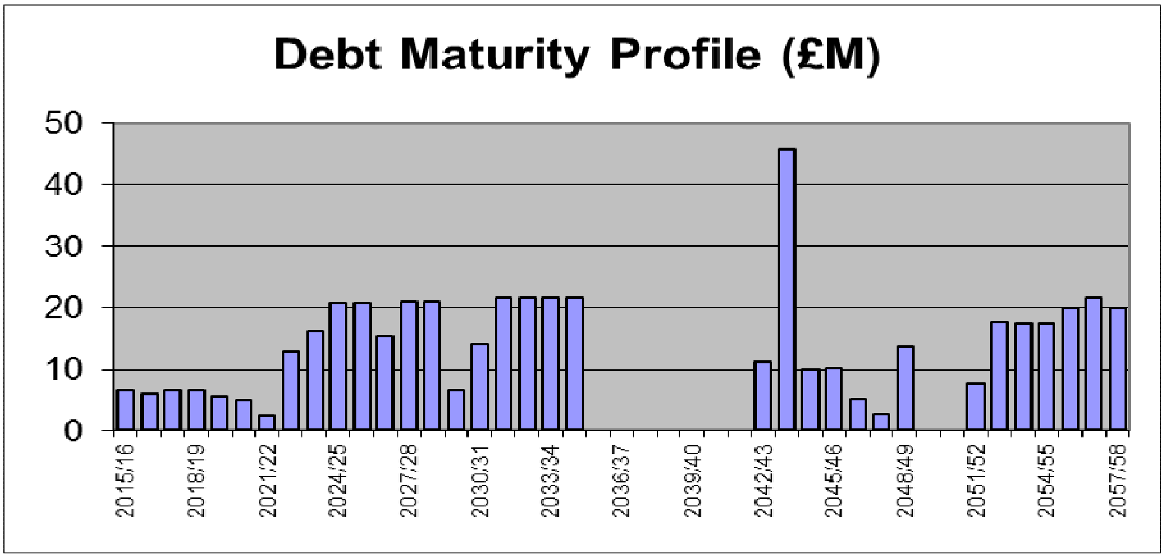
7.1 The County Council undertakes capital expenditure on long-term assets. Capital expenditure can either be paid for immediately by applying capital receipts, capital grants or revenue contributions or by borrowing which spreads the costs over future generations who use the asset. The Council's need to borrow is measured by the Capital Financial Requirement, which simply represents the total outstanding capital expenditure, which has not yet been paid for from either capital or revenue resources.

7.2 For the County Council, borrowing principally relates to long term loans (i.e. loans in excess of 364 days). The borrowing strategy includes decisions on the timing of when further monies should be borrowed.

7.3 The main source of long term loans is the Public Works Loan Board (PWLB), which is part of the UK Debt Management Office (DMO). The maximum period for which loans can be advanced by the PWLB is 50 years.

7.4 In accordance with the approved 2015-16 Investment and Treasury Strategy, the County Council has postponed any new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. "Cost of carry" is the difference between interest paid and interest earned on borrowed monies while temporarily held as cash balances until used to fund capital expenditure. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk. The option of continuing to postpone borrowing into 2016-17 will be considered as part of the on-going management of the 2016-17 borrowing strategy.

7.5 The Council has not undertaken any new borrowing since 2008-09 when the level of debt outstanding was £602M. The Council's debt portfolio is currently £490M (Dec. 2015). The profile of debt maturities is shown in the table below. A further £19M of debt is scheduled for repayment over the next 3 years.



7.6 The Council is currently maintaining an under-borrowed position of approximately £155M. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and day to day cash flow has been used as a temporary internal source of borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. As long term borrowing rates continue to rise, the "cost of carrying" debt in the short term increases. By avoiding the "cost of carrying" debt the County Council is currently saving over £3.8M pa (assuming a net interest rate differential of 2.5%). Short and long term interest rates must be closely monitored to ensure that delaying any new borrowing to avoid the "cost of carrying" debt remains prudent, sustainable and affordable in current and future years.

7.7 The challenging and uncertain economic outlook outlined by Capita Asset Services in Section 3, together with managing the cost of "carrying debt" requires a flexible approach to borrowing. The Executive Director of Finance, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in Capita Asset Services economic overview.

7.8 The level of outstanding debt and composition of debt, in terms of individual loans, is kept under review. The PWLB provides a facility to allow the restructure of debt, including premature repayment of loans, and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges. The Executive Director of Finance and Capita Asset Services will monitor prevailing rates for any opportunities during the year.

7.9 The County Council has flexibility to borrow funds in the current year for use in future years. For example, the Executive Director of Finance may do so under delegated powers where a sharp rise in interest rates is expected and so borrowing early at fixed interest rates may be economically beneficial or meet budgetary constraints. Whilst the Executive Director of Finance will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing will be undertaken to fund the approved capital programme. Risks associated with any advance borrowing will be subject to appraisal in advance and subsequent reporting through the established reporting process.

7.10 PWLB borrowing has become less attractive in recent years, due to its policy decision to increase the margin payable over interest rates (Gilts). In response, the Local Government Association has recently launched a "Municipal Bond Agency." While it is hoped that the Agency's borrowing rates will be lower than those offered by the PWLB, this is by no means guaranteed. Initially it is unlikely that the Agency will be able to offer the same degree of operational flexibility as the PWLB regarding loan advances and repayments. The County Council will continue to use the most appropriate source of borrowing at the time of making application, including; the PWLB, commercial market loans and the Municipal Bond Agency.

8. Treasury Management Prudential Indicators

8.1 There are four treasury related Prudential Indicators. The purpose of the indicators is to restrict the activity of the treasury function to within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these indicators are too restrictive, they will impair the opportunities to reduce costs/improve performance. The Indicators are:

- **Upper Limits on Variable Interest Rate Exposure –** This identifies a maximum limit for variable interest rates based upon the debt position net of investments. It is recommended that the County Council set an upper limit on its variable interest rate exposures for 2016-17, 2017-18 and 2018-19 of 30% of its net outstanding principal sums. This is consistent with policy followed in previous years.

- **Upper Limits on Fixed Interest Rate Exposure –** Similar to the previous indicator, this covers a maximum limit on fixed interest rates. It is recommended that the County Council set an upper limit on its fixed interest rate exposures for 2016-17, 2017-2018 and 2018-2019 of 100% of its net outstanding principal sums.

- **Maturity Structures of Borrowing –** These gross limits are set to reduce the County Council's exposure to large fixed rate sums falling due for refinancing and require upper and lower limits. It is recommended that the County Council sets the following limits for the maturity structures of its borrowing. These limits follow existing treasury management policy and are unchanged from 2015-2016:

	Lower Limit	Upper Limit
Under 12 months	0%	15%
12 months and within 24 months	0%	15%
24 months and within 5 years	0%	45%
5 years and within 10 years	0%	75%
10 years and above	0%	100%

- **Total Principal Funds Invested for Greater than 364 Days –** This limit is set with regard to the County Council's liquidity requirements. As stated in para. 7.4 above, it is estimated that in 2016-17, the maximum level of Council funds invested for periods greater than 364 days will be no more than £100M.

9. Leasing

9.1 It is anticipated that leasing facilities totaling £4M will be drawn-down in 2016-17, relating to a variety of vehicles and general equipment. In recent years there have been significant changes in the regulations affecting leasing in the public sector, resulting in more freedom and flexibility. As a consequence, the Council's leasing policy has been replaced with comprehensive leasing guidance reflecting industry best practice. External leasing advice continues to be provided by Capita Asset Services.

Appendix 1

<table>
<tr><th colspan="2">Moody's</th><th colspan="2">S&P</th><th colspan="2">Fitch</th><th></th></tr>
<tr><th>Long-term</th><th>Short-term</th><th>Long-term</th><th>Short-term</th><th>Long-term</th><th>Short-term</th><th></th></tr>
<tr><td>Aaa</td><td rowspan="6">P-1</td><td>AAA</td><td rowspan="4">A-1+</td><td>AAA</td><td rowspan="4">F1+</td><td>Prime</td></tr>
<tr><td>Aa1</td><td>AA+</td><td>AA+</td><td rowspan="3">High grade</td></tr>
<tr><td>Aa2</td><td>AA</td><td>AA</td></tr>
<tr><td>Aa3</td><td>AA-</td><td>AA-</td></tr>
<tr><td>A1</td><td>A+</td><td rowspan="2">A-1</td><td>A+</td><td rowspan="2">F1</td><td rowspan="3">Upper medium grade</td></tr>
<tr><td>A2</td><td>A</td><td>A</td></tr>
<tr><td>A3</td><td rowspan="2">P-2</td><td>A-</td><td rowspan="2">A-2</td><td>A-</td><td rowspan="2">F2</td></tr>
<tr><td>Baa1</td><td>BBB+</td><td>BBB+</td><td rowspan="3">Lower medium grade</td></tr>
<tr><td>Baa2</td><td rowspan="2">P-3</td><td>BBB</td><td rowspan="2">A-3</td><td>BBB</td><td rowspan="2">F3</td></tr>
<tr><td>Baa3</td><td>BBB-</td><td>BBB-</td></tr>
<tr><td>Ba1</td><td rowspan="14">Not prime</td><td>BB+</td><td rowspan="6">B</td><td>BB+</td><td rowspan="6">B</td><td rowspan="3">Non-investment grade
speculative</td></tr>
<tr><td>Ba2</td><td>BB</td><td>BB</td></tr>
<tr><td>Ba3</td><td>BB-</td><td>BB-</td></tr>
<tr><td>B1</td><td>B+</td><td>B+</td><td rowspan="3">Highly speculative</td></tr>
<tr><td>B2</td><td>B</td><td>B</td></tr>
<tr><td>B3</td><td>B-</td><td>B-</td></tr>
<tr><td>Caa1</td><td>CCC+</td><td rowspan="5">C</td><td rowspan="5">CCC</td><td rowspan="5">C</td><td>Substantial risks</td></tr>
<tr><td>Caa2</td><td>CCC</td><td>Extremely speculative</td></tr>
<tr><td>Caa3</td><td>CCC-</td><td rowspan="3">In default with little
prospect for recovery</td></tr>
<tr><td rowspan="2">Ca</td><td>CC</td></tr>
<tr><td>C</td></tr>
<tr><td>C</td><td rowspan="3">D</td><td rowspan="3">/</td><td>DDD</td><td rowspan="3">/</td><td rowspan="3">In default</td></tr>
<tr><td>/</td><td>DD</td></tr>
<tr><td>/</td><td>D</td></tr>
</table>

Appendix 2

Indicative List of Approved Counterparties for Lending

UK Banks
Barclays Bank
Bank of Scotland Plc(*)
Close Brothers
Goldman Sachs
HSBC Bank Group
Lloyds TSB Bank(*)
Santander UK
Standard Chartered

Non-UK Banks
Australia:
- Australia & New Zealand Banking Group
- Commonwealth Bank of Australia
- National Australia Bank Limited

Canada:
- Bank of Montreal
- Bank of Nova Scotia
- Toronto-Dominion Bank

Finland:
- Nordea Bank
- Pohjola Bank

Germany:
- DZ Bank AG

Netherlands:
- Rabobank

Singapore:
- DBS Bank Ltd
- Oversea-Chinese Banking Corp
- United Overseas Bank Limited

Sweden:
- Svenska Handelsbanken

Switzerland:
- UBS AG

U.S.A:
- Bank of New York Mellon
- JP Morgan Chase

Part Nationalised UK Banks
Royal Bank of Scotland(#)
National Westminster(#)

UK Building Societies
Coventry BS
Leeds BS
Nationwide BS
Yorkshire BS

Money Market Funds
Federated MMF

UK Government
Debt Management Account Deposit Facility
Sterling Treasury Bills
Local Authorities, Parish Councils

Other
The Norse Group

Note: (*) (#) A ‘Group Limit is operated whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total.

Policy and Resources Committee Item No 6viii

Report title:	Capital strategy and programme 2016-20
Date of meeting:	8 February 2016
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

This report presents the proposed capital strategy and programme 2016-20 and includes information on the funding available to support the programme.

Executive summary

Summary

The attached report presents the proposed capital strategy and programme for 2016-19 and includes information on the funding available to support the programme.

Members are recommended to:

- **agree the proposed 2016-20 capital programme of £433.618m**
- **refer the programme in Appendix A to the County Council for approval, including the new and extended capital schemes outlined in Appendix B;**
- **agree the prioritisation model in Appendix C**
- **agree the Capital Strategy at Appendix D as a framework for the prioritisation and continued development of the Council's capital programme;**
- **agree to recommend to the County Council the Prudential Indicators in Appendix E;**
- **note capital grant settlements summarised in Section 4;**
- **note the estimated capital receipts to be generated over the next three years and beyond to support those schemes not funded from other sources, as set out in Table 6.**

1. Introduction

1.1 The attached report introduces the proposed capital programme for 2016-20, to be considered and recommended for approval to the County Council.

1.2 The proposed programme consists of two elements – schemes included in the current programme and new schemes funded through borrowing, capital receipts or grants and other anticipated contributions from third parties.

1.3 The programme is supported by prioritisation model to guide the best use of resources.

1.4 The size of the capital programme reflects capital grant settlements, forecast capital receipts, other external and internal funding sources and proposed borrowing as set out in Appendix A.

1.5 The Council's ability to prudentially borrow to fund future schemes is limited by the budgetary pressures which the Council continues to face. Information regarding the revenue implications of prudential borrowing is provided in Section 6.

2. Evidence

The attached annex summarises the development of the proposed capital programme, including proposed new schemes, and a summary of forecast capital receipts.

3. Financial Implications

3.1. The financial impacts of the proposed capital programme including expenditure, funding, financing and the impact on future revenue budgets are dealt with in detail in Sections 3 to 6 of the attached Annex.

4. Issues, risks and innovation

Risk implications

4.1 There is a long term risk to the Council's ability to deliver services without sufficient investment in maintaining its assets. To mitigate this, the capital programme is aligned to the Council's asset management plans and property client function ensuring that assets are well-maintained or disposed of if surplus to requirements.

4.2 The programme requires regular monitoring, management and budgetary control to deliver schemes on time and within budget. This is addressed through regular capital finance monitoring reports which are reported to Policy and Resources Committee.

4.3 The capital programme is set on the basis of best estimates of cost. Through good procurement practice, the Council will continue where possible to manage down the costs of capital schemes, and to minimise the need to borrow.

4.5 There is a risk that anticipated grants and other third party contributions will not be received for reasons out of the authority's control. In these circumstances, the programme will be amended to reflect the reduced funding.

4.5 Apart from those listed in the report, there are no other implications to take into account.

5. Background

5.1 The Council needs to set a capital programme prior to the beginning of each financial year and to commit the revenue and capital resources required to deliver the programme.

5.2 Most schemes are prioritised within the two major capital programme areas of transport and schools, with corporate property and loans to subsidiary companies also important themes.

5.3 Schemes are considered by the appropriate team to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within ETD and presented in detail to the EDT committee. Schools schemes are prioritised through the Children's Services Capital Priorities Group. Property schemes are co-ordinated through the Council's Corporate Property team.

5.4 Schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance, who considers the overall affordability of the programme.

5.5 The Council's three year capital programme is formed by bringing the various capital programmes together, and ensuing that sufficient funding is available before seeking Council approval.

5.6 This report sets out the proposed capital programme for 2016-20. It is supported by a strategy aimed at securing a structured, affordable and prioritised approach for the development of future years' capital programmes.

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Norfolk County Council

Capital strategy and programme 2016-20

Report by the Executive Director of Finance

1. Introduction

1.1. This report introduces the proposed overall capital programme for 2016-20, which is to be considered by Policy and Resources Committee and recommended for approval to the County Council.

1.2. The proposed programme consists of two elements – schemes included in the current programme and new schemes funded through borrowing, capital receipts when available, or grants and contributions from third parties.

1.3. The size of the capital programme reflects capital grant settlements that have been announced by central government, forecast capital receipts, other external and internal funding sources and proposed borrowing as set out below.

1.4 The Council pays from future revenue budgets the interest and repayment costs of the borrowing. The Council's ability to prudentially borrow to fund future schemes is limited by budgetary pressures. Information regarding the revenue implications of prudential borrowing is provided in Sections 6.

2. National and local context

2.1. Spending Review and Autumn Statement

NDR: Government support for the Norwich Northern Distributor Road between Postwick and the A140 was confirmed in the Government's 25 November 2015 Autumn Spending Review. Details of the whole project, including funding, were reported to County Council in November 2015.

Other road schemes: the Spending Review also refers to the £15bn road investment strategy which was announced on 1 December 2014. This strategy includes nationally important transport schemes, and referred to:

- The A47 including the dualling of stretches between North Tuddenham and Easton, and from Blofield to North Brlingham (but not the Acle Straight).
- Thickthorn junction
- The Vauxhall roundabout, Great Yarmouth
- The A12 between Great Yarmouth and Lowestoft.

These schemes are all on trunk roads maintained by the Highways Agency, and therefore are not currently included in this programme.

"Norwich in Ninety" – the Treasury's National Infrastructure Plan 2014 included support for the key recommendations of the Great Eastern Main Line Task Force, including upgraded infrastructure. The 25 November 2015 Spending Review states that the government will publish a National Infrastructure Development Plan in the spring. It is also likely that progress will be dependent on plans submitted by bidders for the next Anglia rail franchise due to start in October 2016.

The Spending Review also announces £475m for large local transport projects, specifically referring to the Lowestoft Third River Crossing which while not in Norfolk is likely to benefit Norfolk residents.

School infrastructure: The November Spending Review states that the government is investing £23m in school buildings, including new free schools, new school places, and essential refurbishment and maintenance.

Local authorities have a statutory role in providing sufficient school places, and Norfolk County Council has a significant schools estate to manage and maintain. However, the government notes that the Spending Review "represents the next step towards the government's goal of ending local authorities' role in running schools".

Flood alleviation: on 2 December 2014 DEFRA and the Environment Agency announced a £2.3bn 6 year nationwide plan entitled "Reducing the risks of flooding and coastal erosion: an investment plan". None of the largest projects are in Norfolk although there are a large number of smaller construction and development programmes being led by various boards and authorities. The latest Spending Review has not altered this plan.

2.2. **Local joint working**

Norfolk County Council works with a number of other authorities and bodies in the development of capital and infrastructure projects and investments. This will increase further with the development of the "One Public Estate" programme. Examples of current joint working include:

The Greater Norwich Growth Board (GNGB) covers the Broadland, Norwich and South Norfolk district areas, and includes Norfolk County Council as Accountable Body and the New Anglia Local Enterprise Partnership. The partners are committed to delivering homes and jobs in the area, and to pooling Community Infrastructure Levy receipts to deliver a range of infrastructure projects across the area including the Northern Distributor Road.

The GNGB is responsible for co-ordinating the delivery of infrastructure set out in the Greater Norwich Infrastructure Plan; the infrastructure required to support the Joint Core strategy. The County Council will be the Accountable Body for a number of schemes within the GNGB endorsed Growth Programme and where applicable these schemes are reflected in the County's capital programme.

The government re-affirmed its support for Local Enterprise Partnerships in its November 2015 Spending Review adding that a new Greater Anglia (Norfolk and Suffolk) Enterprise Zone will be created, while the existing Great Yarmouth and Lowestoft Enterprise Zone will be extended. The Council works closely with the New Anglia LEP, resulting in the LEPs direct financial support for projects including the NDR and the Norwich International Aviation Academy.

The **Norfolk Joint Museums Committee** consists of representatives from district councils and the County Council. The Norfolk Museums Service is run by Norfolk County Council with capital schemes managed and reported as part of the Council's financial monitoring. As a result, Museums capital projects, even if fully funded from external sources or on properties not owned by the Council (such as the Norwich Castle Keep), are included in the capital programme as and when funding is secured.

2.3. **Capital receipts**

The government is keen for the public sector, including local government, to dispose of potentially surplus assets. The One Public Estate programme supports local authorities to work with other local public sector property owners to design more efficient asset management strategies, and the government is keen to encourage local authorities to release sites which could be used for housing. Estimates of the capital receipts which will be generated over the medium term, and used to minimise the need to borrow, are shown in section 5 to this report.

2.4. **Flexible use of capital receipts**

Under the Spending Review the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects, subject to a number of conditions published in guidance published on 17 December 2015. The final signed directions will be issued alongside the final settlement in February 2016. This freedom will be particularly useful to debt free authorities, and could provide a short term advantage to the budget for other authorities.

Norfolk County Council has traditionally used its capital receipts to 1) pay for capital investment or 2) to re-pay debt. Given the existing funding commitments of the NDR and other projects, and the large degree of uncertainty surrounding the exact timing of disposals, there are not likely to be sufficient guaranteed unallocated capital receipts available for supporting the revenue budget without affecting future year's revenue commitments.

3. The Proposed Capital Programme 2016-20

3.1. Background

3.1.1. A three year capital programme for 2015-18 was agreed by the County Council in February 2015. This was prepared using information from the Government on known and forecast funding levels available at that time.

3.1.2. This proposed capital programme has been updated to include the latest estimates of funding available to the Council. Further information on these sources of funding is included in Section 4.

3.1.3. The proposed capital programme includes all funding currently re-profiled from 2015-16 to future years, as regularly reported to Policy and Resources Committee. The 2016-20 programme reflects all amounts re-profiled up to and including month 8 (November).

3.1.4. The new capital programme reflects known government grant settlements for 2015-16 and beyond. The programme also sets out borrowing to be approved and other funding sources identified.

3.1.5. A schedule of these schemes, which are included in the capital programme below, is attached at Appendix A.

3.1.6. Particular attention should be drawn to those schemes which are to be funded from borrowing and capital receipts. An analysis of receipts and their proposed use is included in Section 5.

3.2. **The Total Proposed Capital Programme (existing and new)**

The full Capital Programme for 2016-20, combining existing and proposed schemes, is summarised in the following table. Details can be found in Appendix A:

Table 1: Proposed Total Capital Programme

Service	2016-17 £m	2017-18 £m	2018-19+ £m	2019-20 £m	**Total £m**
Children's Services	90.268	46.981	-	-	**137.249**
Adult Social Care	8.603	2.000	-	-	**10.603**
CES Highways	115.835	72.376	4.400	-	**192.611**
CES Other	14.928	2.192	-	-	**17.120**
Resources	18.107	12.384	5.995	-	**36.486**
Finance and Property	19.250	9.100	9.600	1.600	**39.550**
Total	**266.991**	**145.033**	**19.995**	**1.600**	**433.618**

Note: tables on this page may be subject to small rounding differences

3.3. **The Existing Programme**

The value of existing schemes brought forward into the new programme are shown in the table below. These figures are based on period 8 financial monitoring (as at 30 November 2015) and will vary through to 1 April 2016 as schemes are accelerated or delayed.

Table 2: Existing programme, excluding proposed new schemes

Service	2016-17 £m	2017-18 £m	2018-19+ £m	2019-20 £m	**Total £m**
Children's Services	90.068	46.866	-	-	**136.934**
Adult Social Care	8.603	2.000	-	-	**10.603**
CES Highways	115.836	72.375	4.400	-	**192.611**
CES Other	13.958	1.272	-	-	**15.230**
Resources	14.710	7.350	5.000	-	**27.060**
Finance and Property	1.600	0.600	-	-	**2.200**
Total	**244.774**	**130.463**	**9.400**	-	**384.637**

3.4. **New schemes**

Schemes not included in previous capital programmes will result in the following additions to the capital programme:

Table 3: Proposed investment in new schemes

Service	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	**Total £m**
Children's Services	0.200	0.115	-		**0.315**
Adult Social Care	-	-	-		-
CES Highways	-	-	-		-
CES Other	0.970	0.920	-		**1.890**
Resources	3.397	5.034	0.995		**9.426**
Finance and Property	17.650	8.500	9.600	1.600	**37.350**
Total	**22.217**	**14.569**	**10.595**	**1.600**	**48.981**

3.5. Note: Included within the total for Resources is a Social Care IT System replacement project. This Corporately funded scheme will provide a significant benefit throughout Norfolk County Council, and partner organisations working with both Adult Social Care and Children’s Services.

3.6. The existing programme includes:

Major programmes and schemes, for example

- Schools basic need and capital maintenance
- Transport new schemes and capital maintenance
- Norwich Northern Distributor Road, as approved by County Council 6 November 2015
- Better Broadband for Norfolk

Where additional funding for existing capital programmes have been received during the current financial year, they have been added to the programme, with all changes reported to Policy and Resources Committee.

Schemes approved during 2015-16 in the existing programme, include

- Additional funding for the NDR approved by County Council 6 November 2015.
- Capital loans of £15m to the Norse Group as set out in the Mid-Year Treasury Management Monitoring Report 2015-16 (Investment Strategy) agreed at County Council 14 December 2015.
- Loan funding for the Norwich International Aviation Academy as approved at 20 July 2015 P&R committee.

The full list of schemes in the existing programme can be found in Appendix A.

3.7. New schemes proposed for addition to the capital programmes comprise:

Schemes with revenue costs of borrowing covered by third party income:

- Norse, additional £10m loan facility
- City Deal Local infrastructure growth fund: £20m over 3 years

Spend to save and projects, which will release internal efficiencies and savings:

- Customer Service Strategy Phase 2: £0.970m
- Libraries Open+ future rollout: £0.920m
- County Hall North and South Wings: £2.150m

New projects requiring borrowing or unallocated capital receipts

- Social Care System re-procurement £7.926m over 3 years
- Whitlingham capital repairs: £0.315m
- Corporate offices capital maintenance: £4m over 4 years
- Voice and data contract – capital element: estimate £1.5m

New schemes (grant funded) not requiring borrowing or other internal funding

- Elm Road, Thetford – Community Hub project: £0.800m

Note: The funding for this scheme has been re-allocated from unallocated grant funding already in the programme, so has no net effect on the programme.

Details of all the new schemes above are given in Appendix B.

3.8. **Prioritisation**: The prioritisation system used to rank schemes, and to provide a firm basis for including unfunded/unsupported schemes, subject to the level of capital receipts and prudential borrowing, is summarised in Appendix C.

3.9. All schemes have exceeded the default threshold score associated with the repayment of debt

4. Financing The Programme

4.1. 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.

4.2. Proposed new schemes will result in approximately £49m of new borrowing over 4 years, of which £30m will only be undertaken where a third party is covering all borrowing costs. Approximately £14m of unsupported borrowing relates to necessary investment in a major social care system re-procurement and office maintenance, for which the borrowing costs will be addressed at a corporate level. Just over £1m will be funded from capital receipts, and £4m relates to schemes which will generate income or revenue savings which will indirectly contribute towards the future revenue costs of borrowing.

4.3. The funding of the proposed programme is set out in the table below:

Table 4: Funding of the Proposed Capital Programme £m

Funding Source	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	**Total £m**
Internal Funding					
Borrowing (supported / invest to save)	57.299	20.573	8.000		**85.871**
Borrowing (unsupported)	4.597	6.149	1.995	1.000	**13.741**
Capital Receipts	3.655	6.163	1.400	0.600	**11.818**
Revenue and Reserves	1.000	0.000	0.000		**1.000**
Sub-total	**66.551**	**32.885**	**11.395**	**1.600**	**112.430**
External Funding					
External Grants and Contributions including Government grants	200.440	112.148	8.600		**321.188**
Total	**266.991**	**145.033**	**19.995**	**1.600**	**433.618**

Note: this table may be subject to small rounding differences

4.4. Grants and contributions funding the 2016-20 programme include grants received or announced in previous years, not yet spent. Non-government external funding is primarily from developer contributions relating to highways and schools schemes around new developments. Most external grants are received from the Departments for Transport and Education.

4.5. Last year the Department for Education provided a two-year Basic Need capital grant settlement for Children's Services and this is already included within the programme. Any further Capital Maintenance grant announcement will be added to the programme to support schemes in the programme for which specific funding has not yet been secured.

4.6. The Department for Transport indicative annual allocation for Integrated Transport block capital grant of £4.141m pa until 2020-21. This has been confirmed for 2016-17 and included in the existing programme.

4.7. DCLG no longer provide an annual settlement for the Fire and Rescue Service. The service continues to have the opportunity to bid for further capital funding for specific projects.

4.8. In 2015-16, the Department of Health announced a capital grant settlements for Norfolk, and for planning purposes, further grants of £2m pa were assumed for 2016-17 and 2017-18. Recently the DoH have announced that the Social Care Capital Grant will be ceasing from 2016-17. The estimates for planning purposes have not been amended at this stage, because the expectation based on a statement by the DoH is that the grant will be replaced by an increase to the Disabled Facilities Grant (DFG). Announcements are expected shortly on the value and arrangements for the Disabled Facilities Grant (DFG), at which point the capital programme will be amended to reflect the confirmed grants.

5. Capital Receipts forecast

5.1. Where capital receipts are generated through the sale of assets or repayments of loans by third parties, these may be: (a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements or (c) used to repay existing borrowing.

5.2. The Council continues to review its assets seeking to ensure that their ongoing use supports the Council's future priorities. Assets that do not meet this need have been identified and form the basis of a draft disposal schedule.

5.3. The figures included in the schedule are currently the best estimate of the value of properties available for disposal, pending formal valuations. More detailed valuations will become available as the properties are prepared for market.

5.4. The schedule is also only an indication of the phasing of disposals. Some sales will take place later than forecast, for example when planning or legal issues arise, whereas others may be accelerated. These movements are tracked in capital monitoring reports reported to Policy and Resources Committee.

Table 5: Draft property disposal schedule 4 year estimates £m

	2016-17	2017-18	2018-19	2019-20	Total yrs
Sales estimates	£m	£m	£m	£m	**£m**
Forward Sales Summary exc farms	2.825	4.025	0.400	1.200	**8.450**
Farms Sales Summary	4.153	6.130	1.800	0.250	**12.333**
Total projected sales	**6.978**	**10.155**	**2.200**	**1.450**	**20.783**
Estimate of farms development gain to be allocated to general receipts	0.230	1.115	1.119	-	**2.465**
Use of receipts estimates					
Useable receipts - general	3.055	4.440	1.519	1.200	10.215
Useable receipts - farms	3.922	5.015	0.681	0.250	9.868
Useable receipts - financial packages		0.700			0.700
Total receipts	**6.978**	**10.155**	**2.200**	**1.450**	**20.783**

5.5. Forecast farms disposals are allocated separately, and this total is highly dependent on the sale of development land in Acle. A broad estimate has been made of the element of potential planning gain (estimated at 65%), on farm land designated for housing development, which may be made available for general purposes. Due to the uncertainties involved as to the arrangements, values and timing, the figures above are a guide and the outcomes will be reported as properties are sold. An estimated £0.600m per annum has been allocated from farms capital receipts to farms capital maintenance.

5.6. The objective of eliminating additional revenue costs associated with funding the NDR remain highly dependent on achieving the level of capital receipts shown above. Of the £10.2m useable general receipts forecast above, a forecast £9.4m is required to fund NDR commitments which is likely to absorb all general capital receipts over the forthcoming three years, including a proportion of development gain.

6. Revenue Impact of the Proposed Capital Programme

6.1. Where the Council uses borrowing to support the capital programme, it must set aside revenue funds on an annual basis to repay the capital borrowed. This is required by statute and is known as Minimum Revenue Provision (MRP). The cost of MRP depends on the life of the underlying asset. Further information can be found in the proposed MRP policy.

6.2. In addition to MRP, the Council must fund the interest costs of the borrowing through future revenue budgets. The Council primarily borrows funds from the Public Works Loan Board (PWLB) with interest rates currently in the order of 4-4.5%. Where borrowing is not undertaken then interest received on the Council's cash balances will reduce. At present, interest on balances is in the order of 1-1.5%.

6.3. The cumulative revenue impact of schemes funded from borrowing is set out below, assuming spend at end of the year, with projects completed at the earliest opportunity, and assumed asset lives of 10 years (IT projects) and 20 years (buildings maintenance):

Table 6: estimated revenue costs of new schemes, excluding spend to save schemes

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
MRP cost of new schemes	-	0.470	0.470	1.313
Interest foregone - estimate	-	0.096	0.222	0.252
Cumulative revenue impact	**-**	**0.567**	**0.692**	**1.565**
Assumed interest rate	1%	1.25%	1.5%	1.5%

6.4. Schemes have been included in the table above where they are either supported, or "spend to save" schemes. Spend to save schemes will generate income or savings which will help alleviate the revenue costs above. Schemes involving loans to third parties have not been included, which assumes that the proposed MRP policy elsewhere on this agenda is approved.

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Appendices

Appendix A: Detailed capital programme 2016-20

Appendix B: New and extended capital schemes

Appendix C: Capital bids prioritisation model

Appendix D: Capital strategy 2016-20

Appendix E: Prudential Code Indicators 2016-17

Appendix A: Detailed capital programme 2016-20, including existing programme and new schemes:

A: Combined all schemes 2016-20+, by year and by existing/new

A1: All schemes

A2: Existing schemes

A3: New schemes

Captial programme 2016-20 summary

	2016-17	2017-18	2018-19	2019-20	TOTAL PROGRAMME	EXISTING SCHEMES	NEW SCHEMES	TOTAL PROGRAMME
	£m	£m	£m	£m	£m	£m	£m	£m
Children's Services	**90.268**	**46.981**	**0.000**	**0.000**	**137.249**	**136.934**	**0.315**	**137.249**
A1 - Major Growth	30.799	30.949			61.748	61.748		61.748
A2 - Master Planning	0.230				0.230	0.230		0.230
A3 - Area Growth & Reorganisation	19.997	3.840			23.837	23.837		23.837
A4 - Growth - Minor Adjustments	5.691	0.305			5.996	5.996		5.996
B1 - Special Educational Needs (SEN)	10.225	2.238			12.463	12.463		12.463
B2 - Additional Needs	4.640				4.640	4.640		4.640
B4 - Early years	0.944				0.944	0.944		0.944
C1 - Efficiency	0.598				0.598	0.598		0.598
C2 - Major Capital Maintenance	8.216	9.534			17.750	17.750		17.750
C3 - Premises Statutory Compliance	0.200				0.200	0.200		0.200
D - Other schemes	8.528				8.528	8.528		8.528
Whitlingham capital improvements	0.200	0.115			0.315		0.315	0.315
Adult Social Care	**8.603**	**2.000**	**0.000**	**0.000**	**10.603**	**10.603**	**0.000**	**10.603**
Adult Care - Unallocated Capital Grant	6.601	2.000			8.601	9.401	(0.800)	8.601
Elm Road Thetford	0.800				0.800		0.800	0.800
Failure of kitchen appliances	0.013				0.013	0.013		0.013
Prospect Housing - formerly Honey Pot Farm	0.318				0.318	0.318		0.318
Care Act Implementations	0.871				0.871	0.871		0.871
Community & Environmental Services	**130.764**	**74.568**	**4.400**	**0.000**	**209.731**	**207.841**	**1.890**	**209.731**
Highways Capital Improvements	25.845				25.845	25.845		25.845
Cycling	2.500				2.500	2.500		2.500
KL Edward Benefer Way access	2.965				2.965	2.965		2.965
Structural Maintenance	28.081	20.459			48.540	48.540		48.540
NDR & Postwick Hub	56.444	51.917	4.400		112.761	112.761		112.761
Norfolk Energy Futures Ltd	7.050				7.050	7.050		7.050
Drainage Improvements	0.189				0.189	0.189		0.189
Scottow Enterprise Park (Indicative)	3.558	1.272			4.830	4.830		4.830
Real Fire Training Unit est 14-15	0.499				0.499	0.499		0.499
Other Fire Station improvements	0.083				0.083	0.083		0.083
Flood Rescue VPM (lightweights)	0.158				0.158	0.158		0.158
Flood Rescue Grant - Defra	0.101				0.101	0.101		0.101
Kings Lynn Satellite Station	0.125				0.125	0.125		0.125
Portable generators & wiring	0.259				0.259	0.259		0.259
North Lynn Improvements	0.150				0.150	0.150		0.150
Aerial ladder platform Earlham FS (ALP)	0.111				0.111	0.111		0.111
Fire Premises PV solar panels	0.076				0.076	0.076		0.076
Compact Fire Appliances (CLG bid) est 14-15	0.900				0.900	0.900		0.900
LPSA Domestic Violence	0.100				0.100	0.100		0.100
Gressenhall Farm and Workhouse Voices from the Workhouse	0.600				0.600	0.600		0.600
CES - Customer Services Strategy	0.970				0.970		0.970	0.970
Libraries Open+ scheme		0.920			0.920		0.920	0.920
Resources	**18.107**	**12.384**	**5.995**	**0.000**	**36.486**	**27.060**	**9.426**	**36.486**
Better Broadband	14.710	7.350	5.000		27.060	27.060		27.060
Social Care IT Systems replacement	1.897	5.034	0.995		7.926		7.926	7.926
Voice and Data contract	1.500				1.500		1.500	1.500
Finance	**19.250**	**9.100**	**9.600**	**1.600**	**39.550**	**2.200**	**37.350**	**39.550**
Asbestos Survey & Removal Prog (Chief Exec)	1.000				1.000	1.000		1.000
County Farms	0.600	0.600	0.600	0.600	2.400	1.200	1.200	2.400
County Hall North Wing	2.150				2.150		2.150	2.150
Corporate offices capital maintenance	1.000	1.000	1.000	1.000	4.000		4.000	4.000
GNGB supported borrowing facility	4.500	7.500	8.000		20.000		20.000	20.000
Capital loans facility - NCC subsidiary companies	10.000				10.000		10.000	10.000
TOTAL	**266.991**	**145.033**	**19.995**	**1.600**	**433.618**	**384.637**	**48.981**	**433.618**

Capital Programme 2016-20: total all schemes (existing schemes plus proposed new schemes)

Department/Project	2016-17 Supported Borrowing & Invest To Save £m	2016-17 Unsupported Borrowing	2016-17 Capital Receipts	2016-17 Revenue and Reserves £m	2016-17 Grants and Contributions £m	2016-17 TOTAL £m	2017-18 Supported Borrowing & Invest To Save £m	2017-18 Unsupported Borrowing	2017-18 Capital Receipts	2017-18 Revenue and Reserves £m	2017-18 Grants and Contributions £m	2017-18 TOTAL £m	2018-19 Supported Borrowing & Invest To Save £m	2018-19 Unsupported Borrowing	2018-19 Capital Receipts	2018-19 Revenue and Reserves £m	2018-19 Grants and Contributions £m	2018-19 TOTAL £m	2019-20 £m	TOTAL PROGRAMME £m
Children's Services	**3.091**	**0.200**	**0.000**	**0.000**	**86.977**	**90.268**	**0.250**	**0.115**	**0.000**	**0.000**	**46.616**	**46.981**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**137.249**
A1 - Major Growth	0.857				29.942	30.799	0.250				30.699	30.949								61.748
A2 - Master Planning					0.230	0.230														0.230
A3 - Area Growth & Reorganisation					19.997	19.997					3.840	3.840								23.837
A4 - Growth - Minor Adjustments					5.691	5.691					0.305	0.305								5.996
B1 - Special Educational Needs (SEN)					10.225	10.225					2.238	2.238								12.463
B2 - Additional Needs	1.231				3.409	4.640														4.640
B4 - Early years	0.242				0.702	0.944														0.944
C1 - Efficiency	0.300				0.298	0.598														0.598
C2 - Major Capital Maintenance	0.261				7.955	8.216					9.534	9.534								17.750
C3 - Premises Statutory Compliance	0.200					0.200														0.200
D - Other schemes					8.528	8.528														8.528
Whitlingham capital improvements		0.200				0.200		0.115				0.115								0.315
Adult Social Care	**0.013**	**0.000**	**0.000**	**0.000**	**8.590**	**8.603**	**0.000**	**0.000**	**0.000**	**0.000**	**2.000**	**2.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**10.603**
Adult Care - Unallocated Capital Grant					6.601	6.601					2.000	2.000								8.601
Elm Road Thetford					0.800	0.800														0.800
Failure of kitchen appliances	0.013					0.013														0.013
Prospect Housing - formerly Honey Pot Farm					0.318	0.318														0.318
Care Act Implementations					0.871	0.871														0.871
Community & Environmental Services	**27.003**	**0.000**	**3.055**	**1.000**	**99.706**	**130.764**	**12.156**	**0.000**	**5.563**	**0.000**	**56.849**	**74.568**	**0.000**	**0.000**	**0.800**	**0.000**	**3.600**	**4.400**	**0.000**	**209.731**
Highways Capital Improvements					25.845	25.845														25.845
Cycling					2.500	2.500														2.500
KL Edward Benefer Way access					2.965	2.965														2.965
Structural Maintenance					28.081	28.081					20.459	20.459								48.540
NDR & Postwick Hub	14.189		3.055	1.000	38.200	56.444	9.964		5.563		36.390	51.917	(0.000)		0.800		3.600	4.400		112.761
Norfolk Energy Futures Ltd	7.050					7.050														7.050
Drainage Improvements	0.189					0.189														0.189
Scottow Enterprise Park (Indicative)	3.558					3.558	1.272					1.272								4.830
Real Fire Training Unit est 14-15	0.499					0.499														0.499
Other Fire Station improvements					0.083	0.083														0.083
Flood Rescue VPM (lightweights)	0.158					0.158														0.158
Flood Rescue Grant - Defra					0.101	0.101														0.101
Kings Lynn Satellite Station	0.125					0.125														0.125
Portable generators & wiring	0.040				0.220	0.259														0.259
North Lynn Improvements	0.150					0.150														0.150
Aerial ladder platform Earlham FS (ALP)					0.111	0.111														0.111
Fire Premises PV solar panels	0.076					0.076														0.076
Compact Fire Appliances (CLG bid) est 14-15					0.900	0.900														0.900
LPSA Domestic Violence					0.100	0.100														0.100
Gressenhall Farm and Workhouse Voices from the Workhouse					0.600	0.600														0.600
CES - Customer Services Strategy	0.970					0.970														0.970
Libraries Open+ scheme							0.920					0.920								0.920
Resources	**9.543**	**3.397**	**0.000**	**0.000**	**5.167**	**18.107**	**0.667**	**5.034**	**0.000**	**0.000**	**6.683**	**12.384**	**0.000**	**0.995**	**0.000**	**0.000**	**5.000**	**5.995**	**0.000**	**36.486**
Better Broadband	9.543				5.167	14.710	0.667				6.683	7.350					5.000	5.000		27.060
Social Care IT Systems replacement		1.897				1.897		5.034				5.034		0.995				0.995		7.926
Voice and Data contract		1.500				1.500														1.500
Finance	**17.650**	**1.000**	**0.600**	**0.000**	**0.000**	**19.250**	**7.500**	**1.000**	**0.600**	**0.000**	**0.000**	**9.100**	**8.000**	**1.000**	**0.600**	**0.000**	**0.000**	**9.600**	**1.600**	**39.550**
Asbestos Survey & Removal Prog (Chief Exec)	1.000					1.000														1.000
County Farms			0.600			0.600			0.600			0.600			0.600			0.600	0.600	2.400
County Hall North Wing	2.150					2.150														2.150
Corporate offices capital maintenance		1.000				1.000		1.000				1.000		1.000				1.000	1.000	4.000
GNGB supported borrowing facility	4.500					4.500	7.500					7.500	8.000					8.000		20.000
Capital loans facility - NCC subsidiary companies	10.000					10.000														10.000
TOTAL	**57.299**	**4.597**	**3.655**	**1.000**	**200.440**	**266.991**	**20.573**	**6.149**	**6.163**	**0.000**	**112.148**	**145.033**	**8.000**	**1.995**	**1.400**	**0.000**	**8.600**	**19.995**	**1.600**	**433.618**

Capital Programme 2016-20: Existing schemes (2015-16 period 8)

	2016-17						2017-18						2018-19							
	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	2019-20	TOTAL PROGRAMME
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Department/Project																				
Children's Services	**3.091**	**0.000**	**0.000**	**0.000**	**86.977**	**90.068**	**0.250**	**0.000**	**0.000**	**0.000**	**46.616**	**46.866**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**136.934**
A1 - Major Growth	0.857				29.942	30.799	0.250				30.699	30.949								61.748
A2 - Master Planning					0.230	0.230														0.230
A3 - Area Growth & Reorganisation					19.997	19.997					3.840	3.840								23.837
A4 - Growth - Minor Adjustments					5.691	5.691					0.305	0.305								5.996
B1 - Special Educational Needs (SEN)					10.225	10.225					2.238	2.238								12.463
B2 - Additional Needs	1.231				3.409	4.640														4.640
B4 - Early years	0.242				0.702	0.944														0.944
C1 - Efficiency	0.300				0.298	0.598														0.598
C2 - Major Capital Maintenance	0.261				7.955	8.216					9.534	9.534								17.750
C3 - Premises Statutory Compliance	0.200					0.200														0.200
D - Other schemes					8.528	8.528														8.528
Whitlingham capital improvements																				
Adult Social Care	**0.013**	**0.000**	**0.000**	**0.000**	**8.590**	**8.603**	**0.000**	**0.000**	**0.000**	**0.000**	**2.000**	**2.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**10.603**
Adult Care - Unallocated Capital Grant					7.401	7.401					2.000	2.000								9.401
Elm Road Thetford																				
Failure of kitchen appliances	0.013					0.013														0.013
Prospect Housing - formerly Honey Pot Farm					0.318	0.318														0.318
Care Act Implementations					0.871	0.871														0.871
Community & Environmental Services	**26.033**	**0.000**	**3.055**	**1.000**	**99.706**	**129.794**	**11.236**	**0.000**	**5.563**	**0.000**	**56.849**	**73.648**	**0.000**	**0.000**	**0.800**	**0.000**	**3.600**	**4.400**	**0.000**	**207.841**
Highways Capital Improvements					25.845	25.845														25.845
Cycling					2.500	2.500														2.500
KL Edward Benefer Way access					2.965	2.965														2.965
Structural Maintenance					28.081	28.081					20.459	20.459								48.540
NDR & Postwick Hub	14.189		3.055	1.000	38.200	56.444	9.964		5.563		36.390	51.917	(0.000)		0.800		3.600	4.400		112.761
Norfolk Energy Futures Ltd	7.050					7.050														7.050
Drainage Improvements	0.189					0.189														0.189
Scottow Enterprise Park (Indicative)	3.558					3.558	1.272					1.272								4.830
Real Fire Training Unit est 14-15	0.499					0.499														0.499
Other Fire Station improvements					0.083	0.083														0.083
Flood Rescue VPM (lightweights)	0.158					0.158														0.158
Flood Rescue Grant - Defra					0.101	0.101														0.101
Kings Lynn Satellite Station	0.125					0.125														0.125
Portable generators & wiring	0.040				0.220	0.259														0.259
North Lynn Improvements	0.150					0.150														0.150
Aerial ladder platform Earlham FS (ALP)					0.111	0.111														0.111
Fire Premises PV solar panels	0.076					0.076														0.076
Compact Fire Appliances (CLG bid) est 14-15					0.900	0.900														0.900
LPSA Domestic Violence					0.100	0.100														0.100
Gressenhall Farm and Workhouse Voices from the Workhouse					0.600	0.600														0.600
CES - Customer Services Strategy																				
Libraries Open+ scheme																				
Resources	**9.543**	**0.000**	**0.000**	**0.000**	**5.167**	**14.710**	**0.667**	**0.000**	**0.000**	**0.000**	**6.683**	**7.350**	**0.000**	**0.000**	**0.000**	**0.000**	**5.000**	**5.000**	**0.000**	**27.060**
Better Broadband	9.543				5.167	14.710	0.667				6.683	7.350					5.000	5.000		27.060
Social Care IT Systems replacement																				
Voice and Data contract																				
Finance	**1.000**	**0.000**	**0.600**	**0.000**	**0.000**	**1.600**	**0.000**	**0.000**	**0.600**	**0.000**	**0.000**	**0.600**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**2.200**
Asbestos Survey & Removal Prog (Chief Exec)	1.000					1.000														1.000
County Farms			0.600			0.600			0.600			0.600								1.200
County Hall North Wing																				
Corporate offices capital maintenance																				
GNGB supported borrowing facility																				
Capital loans facility - NCC subsidiary companies																				
TOTAL	**39.679**	**0.000**	**3.655**	**1.000**	**200.440**	**244.774**	**12.153**	**0.000**	**6.163**	**0.000**	**112.148**	**130.464**	**0.000**	**0.000**	**0.800**	**0.000**	**8.600**	**9.400**	**0.000**	**384.637**

Capital Programme 2016-20: Proposed new schemes

	2016-17						2017-18						2018-19							
	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	Supported Borrowing & Invest To Save	Unsupported Borrowing	Capital Receipts	Revenue and Reserves	Grants and Contributions	TOTAL	2019-20	TOTAL PROGRAMME
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Department/Project																				
Children's Services	**0.000**	**0.200**	**0.000**	**0.000**	**0.000**	**0.200**	**0.000**	**0.115**	**0.000**	**0.000**	**0.000**	**0.115**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.315**
A1 - Major Growth																				
A2 - Master Planning																				
A3 - Area Growth & Reorganisation																				
A4 - Growth - Minor Adjustments																				
B1 - Special Educational Needs (SEN)																				
B2 - Additional Needs																				
B4 - Early years																				
C1 - Efficiency																				
C2 - Major Capital Maintenance																				
C3 - Premises Statutory Compliance																				
D - Other schemes																				
Whitlingham capital improvements		0.200				0.200		0.115				0.115								0.315
Adult Social Care	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Adult Care - Unallocated Capital Grant					(0.800)	(0.800)														(0.800)
Elm Road Thetford					0.800	0.800														0.800
Failure of kitchen appliances																				
Prospect Housing - formerly Honey Pot Farm																				
Care Act Implementations																				
Community & Environmental Services	**0.970**	**0.000**	**0.000**	**0.000**	**0.000**	**0.970**	**0.920**	**0.000**	**0.000**	**0.000**	**0.000**	**0.920**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**1.890**
Highways Capital Improvements																				
Cycling																				
KL Edward Benefer Way access																				
Structural Maintenance																				
NDR & Postwick Hub																				
Norfolk Energy Futures Ltd																				
Drainage Improvements																				
Scottow Enterprise Park (Indicative)																				
Real Fire Training Unit est 14-15																				
Other Fire Station improvements																				
Flood Rescue VPM (lightweights)																				
Flood Rescue Grant - Defra																				
Kings Lynn Satellite Station																				
Portable generators & wiring																				
North Lynn Improvements																				
Aerial ladder platform Earlham FS (ALP)																				
Fire Premises PV solar panels																				
Compact Fire Appliances (CLG bid) est 14-15																				
LPSA Domestic Violence																				
Gressenhall Farm and Workhouse Voices from the Workhouse																				
CES - Customer Services Strategy	0.970					0.970														0.970
Libraries Open+ scheme							0.920					0.920								0.920
Resources	**0.000**	**3.397**	**0.000**	**0.000**	**0.000**	**3.397**	**0.000**	**5.034**	**0.000**	**0.000**	**0.000**	**5.034**	**0.000**	**0.995**	**0.000**	**0.000**	**0.000**	**0.995**	**0.000**	**9.426**
Better Broadband																				
Social Care IT Systems replacement		1.897				1.897		5.034				5.034		0.995				0.995		7.926
Voice and Data contract		1.500				1.500														1.500
Finance	**16.650**	**1.000**	**0.000**	**0.000**	**0.000**	**17.650**	**7.500**	**1.000**	**0.000**	**0.000**	**0.000**	**8.500**	**8.000**	**1.000**	**0.600**	**0.000**	**0.000**	**9.600**	**1.600**	**37.350**
Asbestos Survey & Removal Prog (Chief Exec)																				
County Farms															0.600			0.600	0.600	1.200
County Hall North Wing	2.150					2.150														2.150
Corporate offices capital maintenance		1.000				1.000		1.000				1.000		1.000				1.000	1.000	4.000
GNGB supported borrowing facility	4.500					4.500	7.500					7.500	8.000					8.000		20.000
Capital loans facility - NCC subsidiary companies	10.000					10.000														10.000
TOTAL	**17.620**	**4.597**	**0.000**	**0.000**	**0.000**	**22.217**	**8.420**	**6.149**	**0.000**	**0.000**	**0.000**	**14.569**	**8.000**	**1.995**	**0.600**	**0.000**	**0.000**	**10.595**	**1.600**	**48.981**

Appendix B: New and extended capital schemes

Proposed new schemes added to the capital programme are listed below. Items B1 to B6 were reflected in the “new schemes” totals included in the capital totals included in January 2016 service committee reports. Items B7 to B10 have since been added to the proposed programme:

B1 Customer Service Strategy Phase 2: £0.970m

The Customer Service strategy phase 2 bid is an invest to save proposal for a Customer Relationship Management (CRM) system which will both enhance the experience of Council customers, improve the efficiency in the ways customer contacts are managed, and also promote channel shift throughout the authority. The CRM forms part of the wider Customer Service Strategy scheme, agreed by Full Council in April 2015, will contribute to savings targets throughout the authority. The project will be funded from prudential borrowing.

B2 Elm Road, Thetford – Community Hub project: £0.800m

The Elm Road – community hub project is a spend to save proposal, to be funded from ASC unallocated government capital grant. The ASSD Capital Steering Group have agreed to fund the cost of refurbishing an unused NCC premise at Elm Road, Thetford to be used as a community hub providing day services and respite care. This will deliver significant revenue savings mainly in transport costs, and also property running costs. The project will therefore contribute to delivery of the ASSD 2016-17 and 2017-18 savings plan. As the funding is taken from existing unallocated grant, this scheme does not have a net effect on the overall programme total.

B3 Social Care System re-procurement £7.926m over 3 years

A robust and effective system for the management of social care is fundamental to the Council’s “supporting vulnerable people”, as well as supporting joint working with the police, schools and a number of NHS organisations. The current contract for the supply of a Social Care System ends July 2016 and the contract is being extended by 2 years to July 2018. In order to specify, procure and commission the database and replacement systems required a significant capital investment is needed. The project will be funded from prudential borrowing and capital receipts. Full details of this scheme, including associated revenue costs, have been reported to the 25 January 2016 ASC Committee.

B4 Libraries Open+ rollout: £0.920m programmed for 2017-18

The Libraries Open+ rollout is proposed an invest to save project. The “Open+” system means that opening hours are not dependent on the presence of staff. The system automatically controls and monitors building access, self-service kiosks, public access computers, lighting, alarms, public announcements and patron safety, and gives much wider flexibility in the use of community assets. The package is being piloted in a small number of Norfolk Libraries and the Millennium library, and if successful will be rolled out more widely in 2017-18. The project is intended to enable the delivery of future Libraries savings and will be funded from prudential borrowing. Further discussions are required with members to fully set out the expectations of the project.

B5 Whitlingham capital improvements: £0.315m

The Whitlingham Outdoor Learning Centre was opened in September 2005. The wooden structure, in its context as a water activities centre, is in a very challenging environment for any structure and after ten years of life major capital maintenance is required. This investment will repair present defects, prolong the life of the facility and reduce revenue maintenance costs to the end of its design life (2030). The project will be funded from prudential borrowing, making a contribution to savings through reduced revenue maintenance costs.

B6 Norse, additional £10m loan facility

The Council’s Investment Strategy was amended on 14 December 2015 to include an extension of the existing Norse Group short-term loan arrangements by a further £10m for specific longer-term capital loans. This proposal is an additional loan facility which will enable Norse to borrow for capital purposes on commercial terms which are beneficial to both Norse and the Council. Any such loan will be subject to appraisal by the Executive Director of Finance, and the return on these loans will deliver savings to the treasury budget.

B7 City Deal Local infrastructure growth fund: £20m over 3 years

The Government announced a Greater Norwich City Deal on 12 December 2013 with the aim of making a significant contribution to economic growth in the region. The parties involved include the Local Enterprise Partnership (LEP) and three other local authorities (Norwich, Broadland and South Norfolk). Part of the deal is approval for the local authorities to borrow up to £20 million at the reduced Public Works Loan Board Project Rate to establish a local infrastructure growth fund. The investment will bring additional income to the Council through increased council tax and business rates plus items such as the Community Infrastructure Levy and New Homes Bonus. Norfolk County Council is the accountable body for this growth fund, and will borrow in accordance with its overall treasury management policies as and when additional funds are required. The full potential fund £20m is being added to the capital programme but drawdown from the fund will only take place as schemes are approved by the Greater Norwich Growth Board. Loans made from this fund will be fully repaid through loan agreements with developers.

B8 County Hall North and South Wings: £2.15m

Initially the County Hall project excluded the whole of the South and North Wings from the scope of the refurbishment but subsequently part of the South Wing was added. There is currently a need and opportunity to intensify the use of these spaces to achieve further consolidation of Council services and generate income through leasing surplus modern office space to external organisations. The proposal includes further refurbishment of the South Wing (estimated capital cost £0.400m), opening up and modernising the upper floors in the North Wing for leasing (estimated capital cost £0.350m) and opening up and modernising the currently unoccupied spaces in the lower floors of the North Wing, including improvements to lighting and infrastructure (estimated capital expenditure required of £1.4 million).

B9 Farms capital maintenance – on-going

Capital maintenance of the Council's farms estate is funded through farms capital receipts. An indicative allowance of £0.600m has been added to the third and fourth years of the capital programme.

B10 Corporate offices capital maintenance: £4m over 4 years

The Council's Office Accommodation Strategy is intensifying the occupation of a smaller number of buildings, including Havenbridge House in Great Yarmouth and the recently refurbished County Hall. This is designed to drive efficiency in premises running costs to contribute to revenue savings. To ensure these efficiencies are sustained there is a need to operate a programme of planned capital replacements of plant, equipment and building services.

B11 Voice and data contract – capital element: estimate £1.5m

On 22 December 2015 a new contract for Broadband - Data, Network and Telephony services was awarded to a third party supplier. Part of this arrangement will involve the up-front financing of capital assets which will ultimately belong to the Council. Subject to an analysis of costs and alternatives, council borrowing is likely to be the most cost effective way of financing this expenditure. At the time of writing a detailed analysis is being undertaken of the assets which will be funded through the Council's capital programme and any changes to the estimate above will be reported to future Policy and Resources committees.

Appendix C: Capital bids prioritisation model

Development of the prioritisation model

The corporate capital prioritisation model is based on the model first used in preparing the 2015-18 capital programme, and which has been re-presented to the November 2015 P&R Committee.

This model operates at a corporate level which looks at capital programmes rather than individual schemes, except where schemes are not externally funded. Most schemes are prioritised within the two major capital programme areas of transport and schools.

Schemes are considered by the appropriate team to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within ETD and presented in detail to the EDT committee. Schools schemes are prioritised through the Children's Services Capital Priorities Group. Non-school property schemes should all come through the Council's Corporate Property team.

Schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance, who considers the overall affordability of the programme.

The Council's three year capital programme is formed by bringing the various capital programmes together, and ensuing that sufficient funding is available before seeking Council approval.

Funding and the scoring threshold

Irrespective of scores, schemes can only be included in the County Council approved capital budget up to the point that funding is available taking into account limitations associated with different funding sources.

For schemes with no funding source, a benchmark of 35 has been applied, being the score for a dummy project of simply re-paying debt. For funded schemes, this also provides a useful benchmark against which to ask the question as to whether the Council should be undertaking projects which do not, for example, fulfil the Council's objectives.

Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

Capital programme 2016-20 – officer prioritisation scores

	Stat or Regulatory duty	CC Priorities	Cross-service Working	Impact on Council borrowing	Leverage Value	Flexibility and Scalability	Avoidance of risk to service delivery	**Total Score**
	1	**2**	**3**	**4**	**5**	**6**	**7**	
Weighting	**10**	**20**	**10**	**25**	**15**	**10**	**10**	**100**
Scheme Title	Score	Score	Score	Score	Score	Score	Score	
On-going schemes in the 2016-20 capital programme								
Highways Capital Improvements	3	5	2	5	5	2	5	84
Highways Structural Maintenance	4	4	2	5	2	2	5	73
Temporary Classrooms	4	4	1	5	0	3	5	67
Northern Distributor Road	3	5	1	2	4	1	5	66
Schools Capital Maintenance	3	4	1	5	0	3	5	65
Better Broadband	0	5	3	4	4	0	3	64
School Basic Need	4	4	1	5	0	3	3	63
NEFL Borrowing Facility	0	3	2	4	2	5	0	52
Scottow Enterprise Park capital	0	5	4	2	0	3	3	50
Farm property capital maintenance	2	1	0	5	0	3	4	47
Managing Asbestos Exposure	5	1	1	0	0	5	5	36
Repay Debt (Dummy reference bid)	0	0	0	5	0	5	0	35
New projects: indicative scores								
Norse, additional loan facility	0	1	1	4	3	5	2	49
City Deal Local infrastructure	2	3	4	4	4	4	3	70
Customer Service Strategy	2	4	4	2	0	3	5	54
Libraries Open+	2	2	1	3	0	4	5	47
County Hall Nth & Sth Wings	2	2	3	3	2	3	3	51
Social Care System	4	5	4	1	0	1	4	51
Whitlingham capital repairs	1	2	3	2	0	2	4	38
Corporate offices capital maint	2	2	5	1	0	5	4	45
Voice and data contract – capital	2	2	4	1	2	2	4	43
Elm Road, Thetford – Community Hub	4	4	1	5	0	3	4	65

Marking scheme – with enhanced marking guidance

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

		capital programme priorities.	2 1 0	Partial flexibility (timing only) Very limited flexibility No flexibility	
7	**Avoidance of risk to service delivery**	Will not doing the scheme result in a significant drop in the level of service that the Council provides?	5 4 3 2 1 0	Immediate / definite risk to service delivery Medium term risk to statutory service delivery Probable / medium term risk to service delivery Minor effect on statutory service delivery Minor effect on non-statutory service delivery No risk to current service delivery.	10%

Allocation of resources will be based on ranking. Schemes will be included up to the point that funding is available. This might mean that projects are banded into different funding categories. This is the second year of using this model, and the scoring guide above will continue to evolve.

Appendix D: Capital strategy 2016-17

1 Purpose and aims of the Capital Strategy

1.1 The Capital Strategy has been developed as a key document that determines the council's approach to capital. It is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS).

1.2 The Capital Strategy is concerned with, and sets the framework for:

- all aspects of the Council's capital expenditure for the period covered by the Council's medium term financial strategy
- planning, prioritisation, management and funding.

It is closely related to, and informed by

- the Council's priorities
- the Council's Asset Management Plans and
- capital funding grants and debt facilities provided by central government and other external funding sources.

1.3 The Capital Strategy is reviewed on an annual basis to ensure it continues to reflect the changing needs and priorities of the Council, and its partners throughout Norfolk and the region.

1.4 The key aims of the Capital Strategy are:

- to identify capital projects and programmes;
- to prioritise capital requirements and proposals;
- to provide a clear context within which proposals are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities;
- to consider options available to maximise funding for capital expenditure whilst minimising the impact on future revenue budgets;
- to identify the resources available for capital investment over the medium term planning period.

1.5 The Capital Strategy provides a framework for the allocation of resources. The approval of new capital schemes and the allocation of available funding is undertaken when the capital programme is approved as part of the wider budget setting process.

2 Influences on the capital strategy

2.1 The Council continues to be faced with significant changes and challenges which affects all of the public sector and the following are some of the major influences on our Capital Strategy.

2.2 For a number of years there have been stringent reductions in revenue and capital grant funding for public services, with a strong drive towards austerity and value for money. Local authorities are facing rising demand and expectations for Council services. The Council is seeking creative new ways of providing services which may require capital investment to deliver best value for our communities and taxpayers.

2.3 The success of any Capital Programme is delivery to anticipated timescales and budgets. Failure to achieve either results in increases in capital costs and additional revenue pressures.

In a challenging financial environment, effective procurement, robust contract management and constant oversight are essential to manage costs and ensure all spend delivers the intended outcomes.

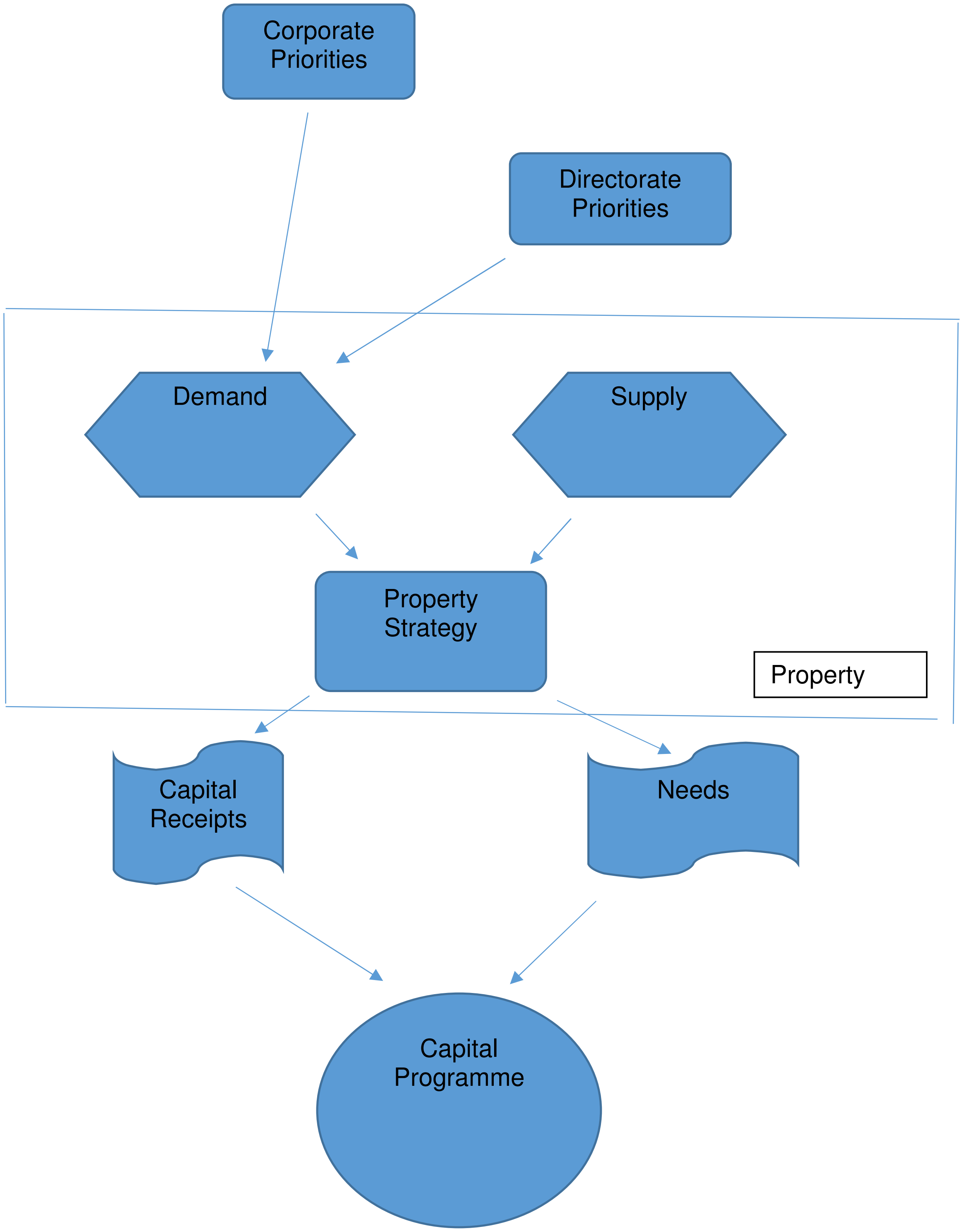
2.4 Formation and delivery of asset management plans are vital to the implementation of the Capital Strategy and to the delivery of the Capital Programme. The Council's primary asset management plan is supplemented by its:

- Transport Asset Management Plan, and
- Children's Services Capital Priorities Group assessment of growth pressures.

2.5 In order to minimise the impact of additional borrowing on future revenue budgets, and to reduce the cost of maintaining under-used or inefficient properties, the Council has a programme of asset disposals. The asset rationalisation and disposals policy is now a key element of delivering funding for future capital schemes.

2.5 The relationship between the asset management plan and the capital programme is shown below:

The fit between the Capital Programme and the Asset Management Strategy



3 Capital Expenditure

3.1 Capital expenditure and investment is vital for a number of reasons:

- As a key component in the transformation of service delivery and flexible ways of working
- A catalyst for economic growth
- To maintain or increase the life of existing assets
- To address the issues resulting from increasing numbers of service users
- As a lever to generate further government or regional capital investment in Norfolk

3.2 With a challenging financial environment for the foreseeable future that is influenced by a variety of external factors, there will only ever be a limited amount of capital resources available. Therefore, it is vital that we target limited resources to maximum effect with a new focus on our strategic and financial priorities.

3.3 Capital funding is limited. External capital grants can only be spent on capital. Projects funded from revenue, revenue reserves or borrowing all affect revenue budgets. Borrowing in particular has long term revenue consequences. Two costs are incurred when a capital scheme is funded from borrowing:

- A Minimum Revenue Provision (MRP) – the amount we have to set aside each year to repay the loan and this is determined by the life of the asset associated with the capital expenditure; and
- Interest costs for the period of the actual loan.

3.4 On present long term borrowing interest rates every £1 million of prudential borrowing costs as much as £0.090m pa in ongoing revenue financing costs for an asset with an assumed life of 25 years, or up to £0.250m pa for an asset with a 5 year life. This is in addition to any ongoing maintenance and running costs associated with the investment.

3.5 Although the principles behind the calculation of MRP do not change, the method is set each year in the Council's MRP policy. A separate paper suggesting a change to the method of calculation is on this agenda.

3.6 Given the revenue cost pressures shown in the Council's Medium Term Financial Strategy the scope for unsupported capital expenditure (capital expenditure that generates net revenue costs in the short or medium term) is limited.

3.7 The budget planning process is designed to reflect both capital and revenue proposals such that the revenue consequence of capital decisions, particularly as a result of increased borrowing, are reflected in future revenue budgets such that any capital investments are prudent, affordable and sustainable for the Council.

4 Capital project prioritisation

4.1 The Council has to manage demands for investment within the financial constraints which result from:

- The limited availability of capital grants
- The potential impact on revenue budgets of additional borrowing and
- The level of capital receipts generated.

As a result, prioritisation criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priorities.

The criteria will be initially applied by a group of officers representing major service areas and appropriate support skills such as property management and finance. Results will be discussed and moderated by Chief Officers and through discussions with relevant members before the capital programme is proposed to the County Council.

4.2 All capital bids that require support must be supported by a Business Case that demonstrates

- Purpose and Nature of scheme
- Contribution to Council's priorities & service objectives
- Other corporate/political/legal issues
- Options for addressing the problem/need
- Risks, risk mitigation, uncertainties & sensitivities
- Financial summary including amounts, funding and timing

4.3 The prioritisation criteria are reviewed annually to ensure they continue to reflect the changing needs and priorities of the Council.

5 Capital Programme overview

5.1 The Capital Programme should support the overall objectives of the Council and act as an enabler for transformation in order to address its priorities.

5.2 Over the last three years Norfolk County Council's capital expenditure has been as follows:

Financial year	2012-13	2013-14	2014-15
	£m	£m	£m
Capital expenditure	122.5	115.5	140.9

As at September 2015, the Council's capital programme for 2016-18 was £355m split by funding type as follows:

Funding type	**£m**	**%**
Capital grants and contributions	296	84%
Revenue and reserves		
Capital receipts	15	4%
Borrowing	44	12%
Total	**355**	**100%**

These figures are before the addition of new projects and funding announcements, and may be subject to further re-profiling from the 2015-16 programme.

6 Capital expenditure

6.1 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure which falls into one of two categories

- The acquisition, creation or installation of a new tangible or intangible asset.
- Increasing the service potential of an asset for at least one year by:
- Lengthening substantially its life and/or market value or
- Increasing substantially either the extent to which an asset can be used or the quality of its output.

A de-minimis level is applied when accounting for a new asset as capital – for Norfolk County Council this is £40,000, although capital funding can be applied to assets with lower value.

7 Capital Funding Sources

7.1 There are a variety of different sources of capital funding, each having different advantages, opportunity costs and risks attached.

Borrowing

7.2 The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.

7.3 As a guide, borrowing incurs a revenue cost of approximately 8-9% of the loan each year for an asset with a life of 25 years, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £1 million of borrowing our revenue borrowing costs are as much as £0.090 million pa, or as much as £0.250m pa for an asset with a 5 year life.

7.4 Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects.

Grants

7.5 The challenging financial environment means that national government grants are reducing, or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects. However, capital grants are allocated by Government departments which clearly intend that the grants should be certain area such as education or highways. So although technically the grants are un-ringfenced, the political reality is not as clear cut.

7.6 Sometimes grant funding is not sufficient to meet legislative obligations and other sources of funding will be sought to fund the gap.

Capital Receipts

7.7 Capital receipts are estimated and are based upon the likely sales of assets as identified under the developing Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to delivering our capital programme and reducing the level of borrowing.

Revenue / Other Contributions

7.8 The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools and by developers.

8 Capital Programme Management

8.1 The Capital Programme is kept under continual review during the year.

Each scheme is allocated a project officer whose responsibility is to ensure the project is delivered on time, within budget and achieves the desired outcomes.

8.2 Capital finance monitoring reports are prepared monthly, and Service Committees receive financial reports relevant to their area. The Policy and Resources Committee takes an overview of the overall capital programme. This includes recommendations to change the Programme to reflect movements in resources and variations from planned spending on schemes, and to introduce new schemes not anticipated at the time of setting the annual programme.

8.3 Various Capital Working Groups oversee the co-ordination and management of the Capital Programmes. These groups include:

Group / Programme	**Role**
The Council's Corporate Property Team	Responsible for managing the Council's property portfolio and to maximise Capital Receipts from the sale of surplus property assets. A new structure for the team has been in place since April 2015. Roles include - reviewing policies relating to property. - co-ordinating the Council's asset management plan - corporate property scheme prioritisation
The Children's Services Capital Priorities Group	A member and officer group which oversees the development and delivery of the Schools capital programme.
Highways	EDT Committee
County Farms member working group	A member working group was set up in 2014 to oversee County Farms strategy and policy.

Appendix E: Prudential Code Indicators 2016-17

1. Background

1.1 First introduced in 2004, the Prudential Code (the Code) for local government capital investment replaced the complex regulatory framework which only allowed borrowing if specific government authorisation had been received. The Prudential system is one based on self-regulation by local authorities. All borrowing undertaken is self-determined under the Code.

1.2 Under Prudential arrangements, local authorities can determine their own borrowing limits for capital expenditure. The Government does retain reserve powers to restrict borrowing if that is required for national economic reasons.

1.3 The Code supports the framework of strategic planning, local asset management and options appraisal, ensuring that capital investment plans of local authorities are affordable, prudent and sustainable. The Code specifies indicators that must be used and factors that must be taken into account. The Code requires the Council to set and monitor performance on:

- capital expenditure
- affordability & prudence
- external debt
- treasury management

1.4 In accordance with best practice, a number of specific Treasury Management prudential indicators are included in the 2015-16 Annual Investment & Treasury Strategy, presented elsewhere on this agenda.

1.5 Indicators presented in this report include:

- **Capital Expenditure Payment Forecast**
- **Ratio of Capital Financing Costs to Net Revenue Budget**
- **Capital Financing Requirement**
- **Gross Debt and the Capital Financing Requirement**
- **Authorised Limit for External Debt**
- **Operational Boundary Limit for External Debt**
- **Actual External Debt**
- **Incremental Impact of Capital Programme on Band D Council Tax**
- **Adoption of the CIPFA Treasury Management Code**

1.6 Once determined, the indicators can be changed so long as this is reported to the Council.

1.7 Actual performance against indicators will be monitored throughout the year. All the indicators will be reviewed and updated annually.

1.8 Prudential indicators are not designed to be comparative between local authorities. They are designed to support and record local decision-making.

1.9 At the end of this appendix is a diagrammatic view of the indicators, setting out the relationship between indicators and their bases of calculation. The diagram shows for example, that the decision to finance capital expenditure from borrowing will increase outstanding debt on the balance sheet; which in turn results in interest payable on borrowing. Interest payable on borrowing is then compared with the net revenue budget to calculate the ratio of capital financing costs to net revenue budget indicator. Interest payable is also used to calculate the incremental impact on Band D Council Tax.

2. The Indicators

2.1 The actual capital expenditure incurred in 2014-15 and the latest estimates of capital expenditure in 2015-16 (as contained in the latest Finance Monitoring Report plus finance leases) are shown below. The table also shows estimates for future years, as detailed in the Capital Programme.

Capital Expenditure Payment Forecast

	2014-15 Actual £m	**2015-16 Revised Estimate £m**	**2016-17 Estimate £m**	**2017-18 Estimate £m**	**2018-19 Estimate £m**
Children's Services	29.271	42.899	90.268	46.981	-
Adult Social Care	3.998	2.190	8.603	2.000	-
CES Highways	78.503	104.257	115.835	72.376	4.400
CES Other			14.928	2.192	-
Resources	13.097	8.779	18.107	12.384	5.995
Finance and Property	16.075	32.194	19.250	9.100	9.600
	140.944	**190.319**	**266.991**	**145.033**	**19.995**
Finance Leases	0.405	-	-	-	-
Total	**141.349**	**190.319**	**266.991**	**145.033**	**19.995**

2.2 The Council Plan and 2016-17 Budget report seeks approval for the overall level of Capital programme based on the level of capital financing costs contained within the revenue budget.

2.3 The ratio of capital financing costs to net revenue budget shows the estimated annual revenue costs of borrowing (net interest payable on debt or foregone on balances, and the minimum revenue provision for repaying the debt), as a proportion of annual income from council taxpayers and government. Estimates of the ratio of capital financing costs to net revenue budget for the current and future years, and the actual figures for 2014-15 are:

Ratio of Capital Financing Costs to Net Revenue Stream					
	2014-15 Actual	2015-16 Revised Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
	10.24%	7.47%	7.86%	8.11%	8.07%

2.4 The revenue costs of borrowing for the Council will be reduced over the next three years by comparison to the costs incurred in 2014-15. While the authority's Net Revenue Stream is likely to decrease over the next three years as a result of the forthcoming reductions in Revenue Support Grant, this is more than off-set by a change proposed to the MRP policy elsewhere on this agenda.

2.5 These estimates are based on the Council taking no additional borrowing in 2016-19 in line with recent years.

2.6 The figure for 2014-15 is based on actual net expenditure and is therefore not directly comparable with budget figures shown for later years.

2.7 The **capital financing requirement** represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or other sources of external funding. Estimates of the end of year capital financing requirement for the Council for the current and future years and the actual capital financing requirement at 31 March 2015 are:

Capital Financing Requirement					
	31/03/15 Actual £m	31/03/16 Revised Estimate £m	31/03/17 Estimate £m	31/03/18 Estimate £m	31/03/19 Estimate £m
	657.491	689.746	689.808	673.226	654.546

2.8 The capital financing requirement measures the County Council's underlying need to borrow for a capital purpose.

2.9 In 2015-16 the Capital Financing Requirement is increasing as the Council has a number of previously approved schemes which require borrowing to finance them. Further schemes requiring prudential borrowing are proposed in the 2016-20 capital programme which will have the effect of increasing the CFR before it starts reducing again in the final year as the Minimum Repayment Provision exceeds proposed borrowing to support the programme. Actual increases in CFR will be delayed if major schemes are re-profiled into future years.

2.10 The guidance on **gross debt and the capital financing requirement** advises that:

> **"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not,**

except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

2.11 Gross debt refers to the County Council's total external borrowing. The Council already works within this requirement.

2.12 The Code defines the **authorised limit for external debt** as the sum of external borrowing and any other financing long-term liabilities e.g. finance leases and PFI schemes. It is recommended that Council approve the 2016-17 and future years limits.

2.13 For 2016-17 this will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

2.14 As required by the Code, the Council is asked to delegate authority to the Executive Director of Finance, within the total limit for any individual year, to effect movement between the separate limits for borrowing and other long term liabilities. Any such changes made will be reported to the Policy and Resources Committee.

Authorised Limit for External Debt

	2015-16 Revised Estimate £m	**2016-17 Estimate £m**	**2017-18 Estimate £m**	**2018-19 Estimate £m**
Borrowing	700.561	716.311	723.752	725.286
Other long term liabilities	63.478	60.021	63.133	63.606
Total	**764.039**	**776.332**	**786.885**	**788.892**

2.15 These proposed limits are consistent with the indicative Capital Programme. They provide headroom to allow for operational management, for example unusual cash movements

2.16 The Code also requires the Council to approve an **operational boundary limit for external debt** for the same time period. The proposed operational boundary for external debt is the same calculation as the authorised limit without the additional headroom. The operational boundary represents a key management tool for in year monitoring.

2.17 Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified again. The Council is asked to delegate authority to the Executive Director of Finance, within the total operational boundary for any individual year, to make any required changes between the separately agreed figures for borrowing and other long-term liabilities.

Operational Boundary Limit for External Debt				
	2015-16 Revised Estimate £m	**2016-17 Estimate £m**	**2017-18 Estimate £m**	**2018-19 Estimate £m**
Borrowing	487.678	481.479	474.653	467.147
Other long term liabilities	60.478	59.021	57.133	55.252
Total	**548.156**	**540.500**	**531.786**	**522.399**

2.18 The Council's **actual external debt** at 31 March 2015 was £493m. This is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

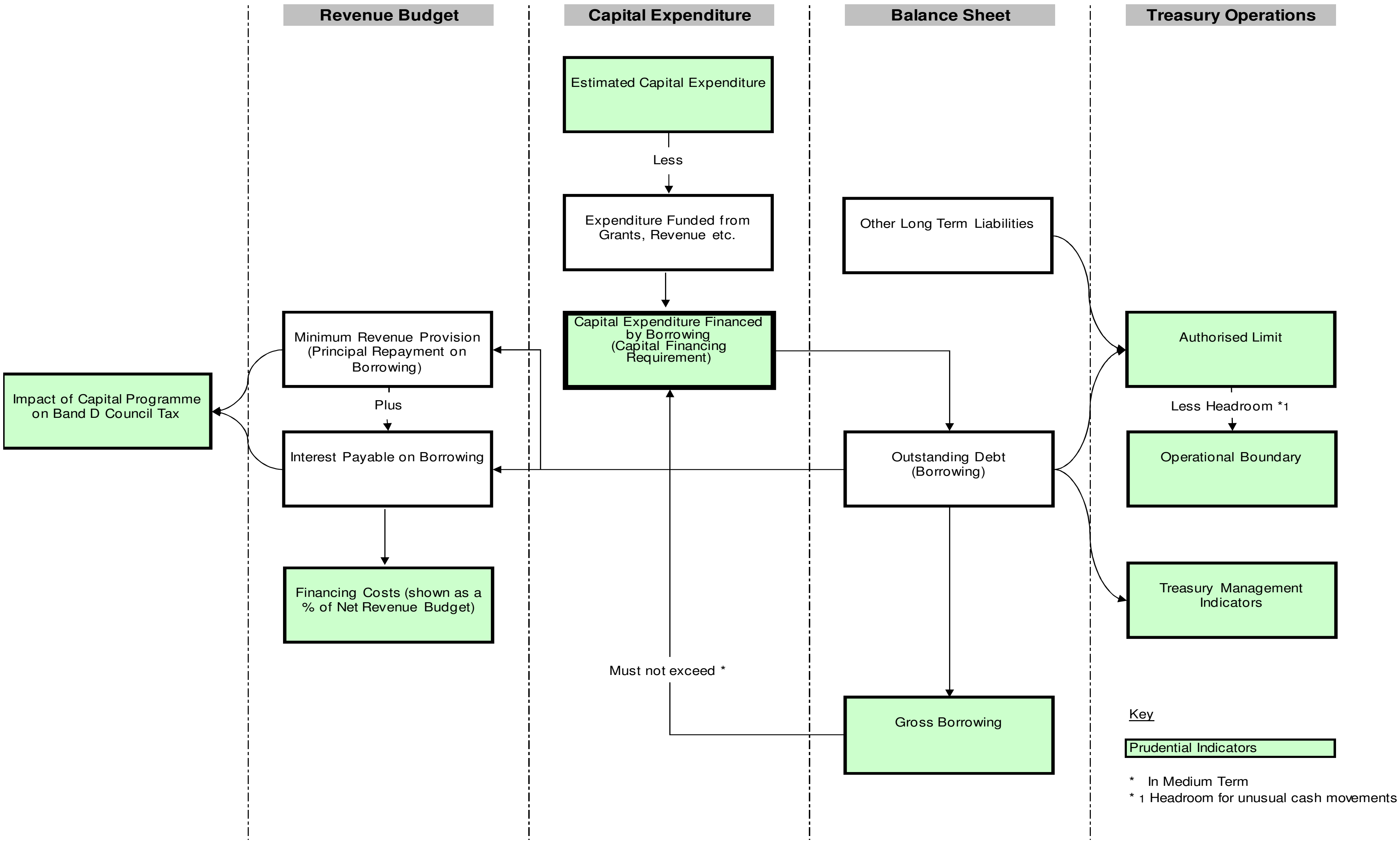
2.19 The **incremental impact on Band D Council Tax** resulting from the new schemes in the Capital Programme is:

Incremental Impact of Capital Programme on Band D Council Tax		
2016-17 £	**2017-18** £	**2018-19** £
0	**2.95**	**2.49**

2.20 This reflects the impact of funding new capital schemes from borrowing and associated capital commitments each year.

2.21 The County Council has adopted the four specific clauses in the Treasury Management Policy Statement contained with the **CIPFA Treasury Management in the Public Services: Code of Practice.**

DIAGRAMMATIC PRESENTATION OF PRUDENTIAL INDICATORS



Policy & Resources Committee

Item No 7

Report title:	**Acquisition of land at London Road, Attleborough for a new primary school building**
Date of meeting:	**8th February 2016**
Responsible Chief Officer:	**Executive Director of Finance, Simon George and Executive Director of Children's Services, Michael Rosen.**

Strategic impact

A new primary school site in Attleborough is required to meet the County Council's statutory duty to provide sufficient pupil places across Norfolk. The requirement arises from the need to increase permanently the primary age pupil numbers from three forms of entry to four and then, from 2017, to five and particularly to meet demand arising in the south of the town, where there is currently no primary phase school. The acquisition will also provide the basis for a statutory reorganisation from infant/junior to all-through primary across the town, which is supported locally.
The need to expand pupil places has been identified within the approved Children's Services Local Growth and Investment Plan and funding for a new site and the associated construction was approved in the Children's Services Capital Programme 2014-17.

Executive summary

In July 2015 Policy and Resources Committee received a report on the potential acquisition of a site in Attleborough for a new primary school building. At the request of the Committee, officers were asked to undertake a further appraisal of the two site options –a privately-owned site on London Road and a site on Hargham Road, in the ownership of NCC (County Farms), to establish clarity about the stated preference for London Road.

This officer exercise was reported to the Children's Services' Capital Priorities Group in November 2015, whose preference for the London Road site was reported to the Children's Services' Committee on 26th January 2016. The Committee confirmed the London Road site as the preferred site. Negotiations with the owner of the London Road site have continued and terms negotiated within the identified market value range. The NCC Hierarchy requires Policy and Resources Committee to approve the acquisition, given that the value of the acquisition exceeds £250,000.The site comprises some 3.82 hectares (9.44 acres).The vendor requires the purchase of the whole site, even though it is larger than required for the school. The acquisition would therefore allow NCC to develop the majority of the site (3.1ha) as a school, with surplus land (0.7ha) to be allocated for residential development.

RECOMMENDATION

Policy and Resources Committee is asked to approve acquisition of the London Road site on terms set out in the Exempt section of this report at Item 14

1. Proposal

1.1 Primary phase education across Attleborough is currently provided by a 295 place infant school and a 410 place junior school, based on three full forms of entry. A fourth form of entry will be needed at Year R in 2016 but the current infant school site can only accommodate this for one school year. Thus a new building will be needed for the school year 2017/18.

1.2 The Children's Services Local Growth and Investment Plan (Children's Services Committee January 2015 and 2016)) and the approved schools' Capital Programme 2014-17 (Children's Services' Committee May 2015) identified the need for a new primary school building on the south side of the town, in the context of a proposal to reorganise to all-through primary schooling from 2017. Consultation on the reorganisation proposal is complete and was supported by schools and local stakeholders.

1.3 NPS Property Consultants Ltd reviewed a number of sites in the southern part of Attleborough for a new school building, to be provided to absorb pupil place pressure from existing housing developments. The subsequent major housing growth set out in the Breckland Local Plan will require further primary phase schools.

1.4 There were eventually two potential site options –the London Road site, privately owned, and a site in the ownership of NCC (County Farms) on the Hargham Road. The Hargham Road site was considered principally because it was land held as part of the County Farms Estate. This site has an area of up to 3.11 hectares (7.93 acres) and is not integrated with the current areas of housing development, is un-serviced, requires highway improvements and is located immediately adjacent to a railway line. The site has been identified by Breckland Council in their preferred allocations for Local Plan consultation as part of the Strategic Growth Area for future residential development in Attleborough and thus has residential development potential.

1.5 The map at Annex A shows these two sites in the context of current housing construction and sites with planning consent

1.6 When this matter last came to Policy and Resources Committee in July 2015, officers were asked to undertake a further appraisal of the two sites to establish clarity about the preference for London Road. This officer exercise has now been concluded, having been reported to the Children's Services' Capital Priorities Group in November 2015, whose preference for the London Road site was reported to the Children's Services' Committee on 26th January 2016. The Committee in turn approved the London Road site as the preferred site.

1.7 As part of the report to Children's Services Committee on January 26th 2016, the following was noted and endorsed:

- The results of a comparative appraisal of the two sites were considered by Capital Priorities Group in November and the London Road site was favoured on educational, community and delivery grounds. The investigative work carried out on the site as part of potential acquisition means that significant risk has been removed from the site and delivery can be in the school year 2017. Initial outlay to acquire the site is inevitably higher than the Hargham Road site, within the County Council's ownership, but that site does have residential development potential.

- The Infant school considers that the site will offer more opportunity to engage in a growing local community and to offer community leadership. Planning officers prefer this site as it fits in with the approved Masterplans of the developers. The site sits more conveniently for the home addresses of children currently in school and for current housing sites in construction along the London Road, making it the more sustainable site. It is fully serviced in highway and utility terms, unlike the Hargham Road site, and therefore is ready to be brought forward for planning consent and construction.

1.8 The Committee approved the preference for the London Road site, commenting in particular on the highway advantage and the benefit of the site for wider neighbourhood planning. The next step is for NCC Hierarchy approval to be given for the acquisition of the site and this falls to Policy and Resources Committee to determine, given that the value of the acquisition exceeds £250,000. A Plan of the site, identical to that provided to the vendor, is at Annex B.

.

1.9 The site comprises some 3.82 hectares (9.44 acres).The vendor requires the purchase of the whole site, even though it is larger than required for the school. The acquisition would therefore allow NCC to develop the majority of the site (3.1ha) as a school, with surplus land (0.7ha) to be allocated for residential development.

1.10 The Local Member for the Attleborough Division is Councillor Alec Byrne who has been kept informed of matters and supports both reorganisation and the London Road site.

2. Evidence

The evidence for the valuation, the negotiated terms and the overall financial value to the County Council are set out in the Exempt report, Item 14.

3. Financial Implications

3.1 The cost of purchasing the land on the terms in the Exempt report, Item 14, forms part of the Children's Services approved Schools Capital Programme for 2014-17.

4. Issues, risks and innovation

4.1 The proposed land acquisition will allow the relocation of the existing infant school site and its reorganisation to primary as part of town-wide reorganisation. The infant school site will be retained by the County Council and be the means by which Attleborough Academy (secondary) can expand to meet the demands of the secondary school population when this comes through. No NCC capital funds have been allocated to refurbishment of the site at this stage and will only be allocated in future if Basic Need, or a case for Section 106 funding, is available and justified.. Otherwise refurbishment will be a matter for the Education Funding Agency and the academy. The site will be added to the current NCC 125 year lease to the academy.

Legal implications

4.2 The town-wide primary reorganisation will be the subject of a statutory Public Notice, to be published once the acquisition of a new site is confirmed.

Risks

4.3 Planning: The London Road site is currently identified for commercial use within the Local Development Plan but Breckland planners support the change of land use proposed in the County Council's acquisition subject to the re-provision of employment land. To address this it is proposed to promote a local area of NCC-owned land, not of residential potential, for employment use and a planning application will be prepared accordingly.

Human rights

4.4 There are no human rights issues

Equality

4.5 The acquisition is neutral in equality terms

Environmental implications

4.6 The London Road site has a number of merits in terms of a contribution to community sustainability, not least in its accessibility to pupils' homes, thus encouraging walking to school rather than car use. A Travel Plan and an Ecological Survey will both be required to support a planning application.

5. Background
Background Papers

Annex A - Site plan showing location of London Road and Hargham Road sites
Annex B – Site plan of land forming the proposed acquisition

Other papers: Children's Services Capital Programme 2014-17: Reports to Cabinet 14th April 2014 and to Children's Services Committee 20th May 2015

Local Growth and Investment Plan – report to Children's Services' Committee 26th January 2016.

Officer Contact

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

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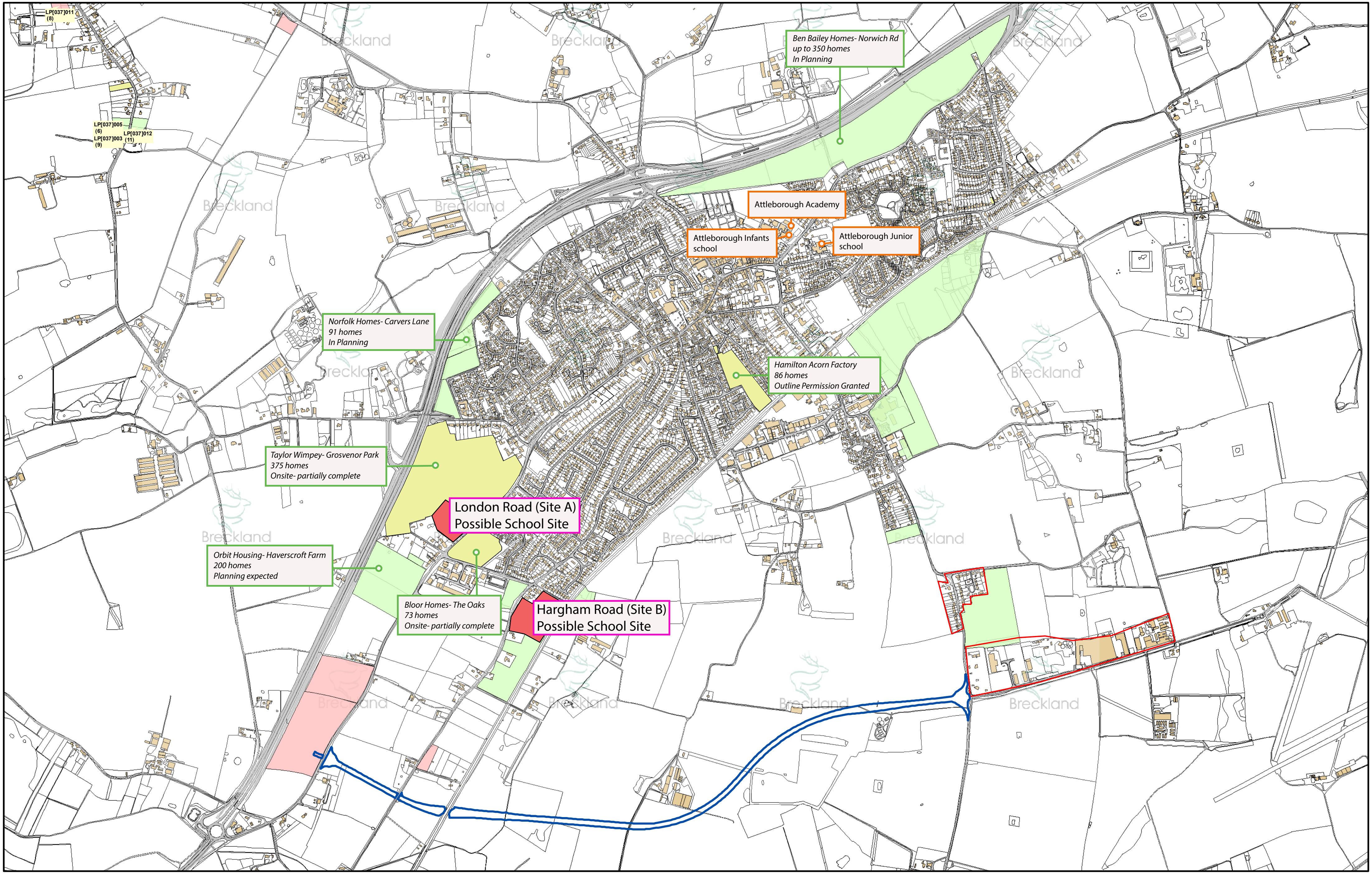
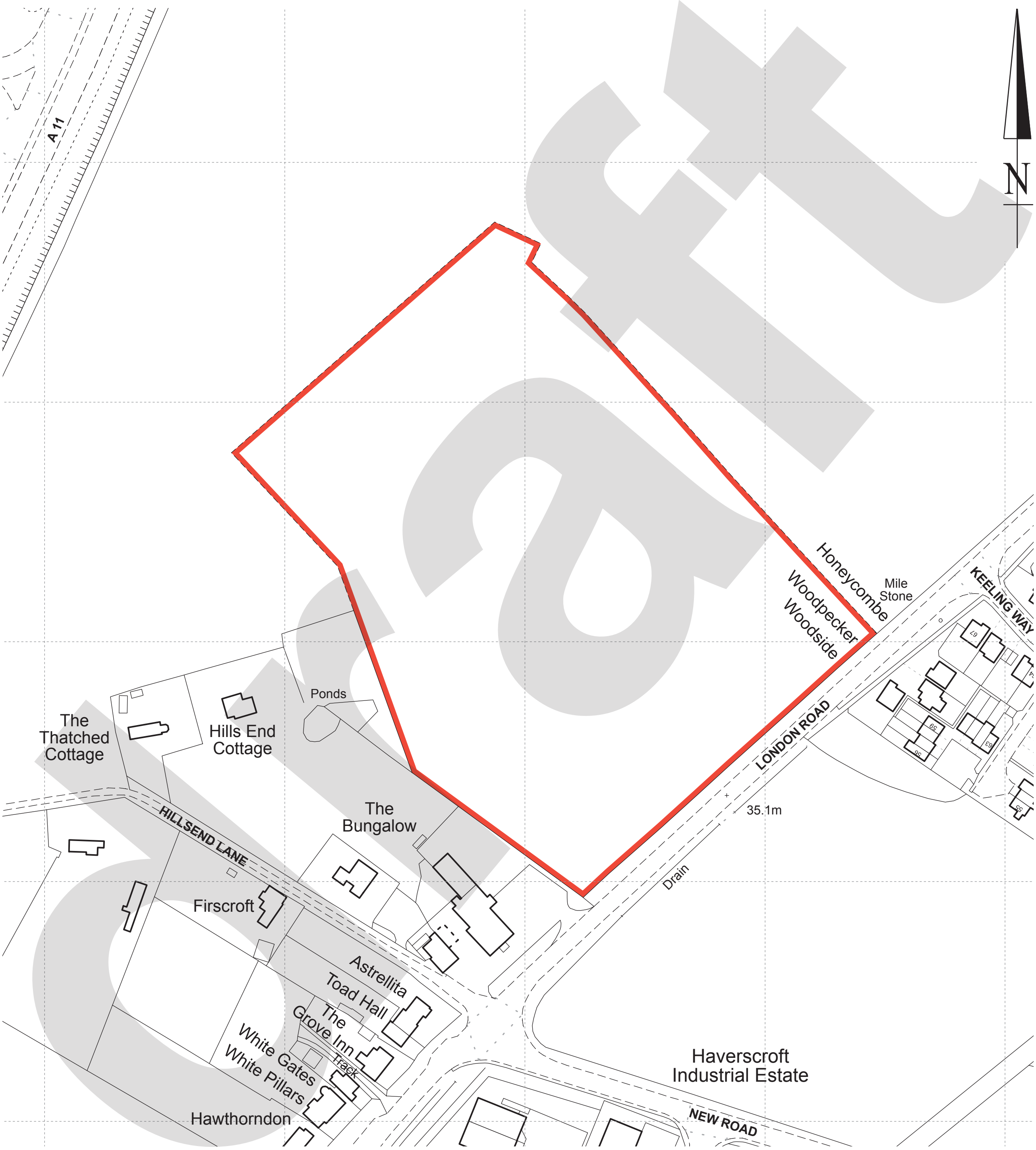
NPS Property Consultants		
Darren Facey	01603 706168	darren.facey@nps.co.uk
David Russell	01603 706165	david.russell@nps.co.uk



LP[037]011 (8)
LP[037]005 (6)
LP[037]003 (9)
LP[037]012 (11)
Ben Bailey Homes- Norwich Rd
up to 350 homes
In Planning
Attleborough Academy
Attleborough Infants school
Attleborough Junior school
Norfolk Homes- Carvers Lane
91 homes
In Planning
Hamilton Acorn Factory
86 homes
Outline Permission Granted
Taylor Wimpey- Grosvenor Park
375 homes
Onsite- partially complete
London Road (Site A)
Possible School Site
Orbit Housing- Haverscroft Farm
200 homes
Planning expected
Bloor Homes- The Oaks
73 homes
Onsite- partially complete
Hargham Road (Site B)
Possible School Site

Norfolk County Council

NPS Property Consultants Ltd,
on behalf of Norfolk County Council,
County Hall, Martineau Lane, Norwich, NR1 2SF.



ATTLEBOROUGH - London Road
Land for New Primary School

NPS Property Consultants Ltd,
Lancaster House, 16 Central Avenue,
St Andrews Business Park,
Norwich, NR7 0HR.

Scale: 1:2500 at A4

Date: JUNE 2015

Plan No. NCC-0526A

This map is taken from Ordnance Survey digital data. National grid reference:
TM. 0351 9433

nps group

Policy & Resources Committee

Item No 8

Report title:	**Norwich Northern Distributor Road Land Acquisition**
Date of meeting:	**8 February 2016**
Responsible Chief Officer:	**Executive Director CES**

Strategic impact

This report asks Members to approve a mechanism to agree land acquisition compensation decisions for the construction of the Norwich Northern Distributor Road (NDR).

Executive summary

The NDR will require the acquisition of land interests from many parties and under the Financial Regulations each will require individual approval. This reports outlines two possible options to achieve this and recommends adopting the one which will provide the most efficient delivery mechanism.

Recommendations:
Members are asked to:

1. **Adopt Option 2 and, provided figures are monitored and remain within the available land acquisition budget of the approved Norwich NDR, delegate all land acquisition decisions for the NDR to the Executive Director CES in consultation with the Corporate Property Officer, Executive Director of Finance, County Council Leader and Chair of EDT Committee.**

1. Background

1.1 At the County Council meeting on 6 November 2015 Members approved the recommendation to:
"Subject to the approval by the Department for Transport of the NDR 'full approval' submission, the Council confirms the award of the Stage 2 construction works to Balfour Beatty, to set the project in motion for an anticipated November 2015 start."

1.2 Confirmation of DfT funding was received on 25 November 2015 and the contract to Balfour Beatty awarded on 26 November 2015. Formal Notices to Treat and Notices to Enter were served on all appropriate parties in early December 2015 enabling the main start of construction activities on the scheme in January 2016.

1.3 Within the budget set out in the November meeting report is an allowance of £17.2M for the cost of land acquisition.

1.4 All land and compensation issues for the NDR scheme, through the DCO application and examination process as well as now into the compensation assessment stage have been undertaken by NPS Property Consultants Ltd. on behalf of the Council.

1.5 The permanent land acquisition for the NDR extends in total to some 283 hectares (700 acres) as well as 55 hectares of temporary use land and 3 hectares over which new rights are being acquired.

There are 88 different landowners along the scheme, including some "unknown owner" areas, as well as many tenants, occupiers, mortgage companies and option holders. In total there are some 190 different individuals or companies. The largest landowner has over 45 hectares of acquisition, the smallest only 28m². There are also numerous other parties who enjoy rights over the affected land areas.

1.6 For some of the acquisitions it is envisaged that the final compensation figure will be able to be calculated relatively quickly and the necessary approval would then be sought before the case is reported to nplaw and proceeds directly to legal transfer.

However many, and in particular the larger acquisitions, will not be able to be finalised until the road is opened to traffic and the full impact on the property is known. In such cases the affected party can request an advance payment of compensation and in several cases they have already done so. This is calculated based on the Council's initial compensation assessment and must be made within 3 months of the date requested. As the scheme proceeds if the compensation is reassessed further advance payments can be requested and made.

1.7 Under the current Hierarchy of Decision Making procedures each landowner compensation settlement or advance payment amount will require approval. Two options are considered to achieve this.

1.8 Regular update reports for the NDR will be provided at approximately 6 month intervals to EDT Committee. These reports will include updates on the progress of the land acquisitions and the associated costs.

2. Options

2.1 Option 1

2.1.1 Currently for highway acquisition cases, figures under £25,000 are signed off by the Executive Director CES, those between £25,000 and £250,000 have to be referred to the Chair of the Policy & Resources Committee before the delegated powers of the Managing Director are exercised and for figures above £250,000 a report to Policy & Resources Committee is required.

2.1.2 On the assumption that all of the significantly affected landowners request advance payments it is calculated that 6 would require P&R reports and a further 32 would have to be referred to the Chair of P&R / MD. Subsequent advance payments requests would generate additional reports.

2.1.3 Over the whole acquisition process, in addition to the advance payment reports mentioned above, based on current 'final figure' compensation estimates, 15 settlements will require P&R reports and 40 would have to be referred to the Chair of P&R / MD.

2.2 Option 2

2.2.1 Policy & Resources Committee has the ultimate authority regarding asset acquisition and as such can authorise specific delegations of approval.

2.2.2 Within the County Council approval on 6 November 2015, the revised budget for the NDR included a £17.2m element for land costs.

2.2.3 All NDR land acquisition decisions could therefore be delegated to the Executive Director CES (in consultation with the Corporate Property Officer, Executive Director of Finance, County Council Leader and Chair of EDT Committee). This approach would be conditional on the costs remaining within the NDR land element budget.

2.2.4 Reports would be produced for the Executive Director based upon valuation assessments and recommendations made by NPS Property Consultants Ltd to sign off following discussion at the NDR Board and with the Corporate Property Officer, Executive Director of Finance, County Council Leader and Chair of EDT Committee, as required. A standard report format will be used for each advance payment and land acquisition proposal which will include an assessment of the payment against the overall land budget. This will make it possible to continuously monitor the cumulative impact of payments on the budget from the early payments through to the final land acquisition completions.

3. Consideration of Options

3.1 As the County Council has served Notice to Treat and Notice to Enter on affected landowners it is now legally committed to the acquisition of the land and rights required for the scheme. The principle of acquisition is not an issue for approval, only the level of compensation to be paid, which will be agreed through negotiation by NPS Property Consultants Ltd.

3.2 Adopting Option 1 would result in many individual reports being taken to Committee and/or Chair of P&R / MD.

3.3 Option 2 would provide a more efficient delivery mechanism for approvals. Firstly it will reduce costs in avoiding the need for numerous individual reports to Committee. Secondly it will minimise the risk of delays to making advance payments within the statutory defined timescales.

3.4 It is recommended that Option 2 be adopted and a specific delegation is granted to the Executive Director CES for land acquisition on the Northern Distributor Road provided:
i) the overall land cost is monitored against and remains within the approved NDR budget
ii) decisions are based upon valuation assessment reports and recommendations made by NPS Property Consultants Ltd.

Officer Contact

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

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

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Tel No: (DA) 01603 223292 or (GB) 01603 706163
Email address: david.allfrey@norfolk.gov.uk or grant.brewer@nps.co.uk

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

Policy and Resources Committee

Item No 10A

Report title:	**Finance monitoring report P8 November 2015**
Date of meeting:	**8 February 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Annexes to this report summarise the Period 8 (November 2015) forecast financial outturn position for 2015-16, to assist members maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.

Executive summary

This report gives details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016, together with related financial information. The report also provides a brief commentary on Resources and Finance budgets which are the responsibility of this Committee.

Members are asked to:

- **note the period 8 forecast Revenue overspend of £3.133m (previous period 7, overspend £4.280m, period 6 £5.743m) on a net budget of £318.428m, as set out in Appendix 1;**
- **note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends.**
- **note the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2;**
- **note the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 3.**

Norfolk County Council

Appendix 1: 2015-16 Revenue Finance Monitoring Report Month 8

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

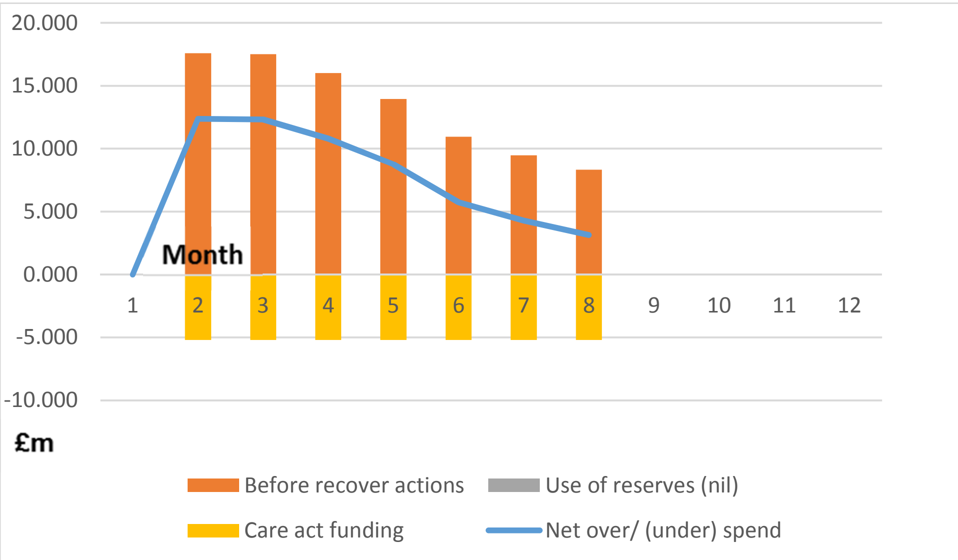
- the latest monitoring position for the 2015-16 Revenue Budget
- forecast General Balances and Reserves at 31 March 2016 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of November 2015 (month 8):

Revenue expenditure is forecast to **overspend** by **£3.133m** (after identified recovery actions), on a net budget of £318.428m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2015-16, by month, after recovery actions and approved use of reserves: Month 8 forecast overspend of £3.133m (month 7 £4.280, month 6 £5.743m).



The main reasons for the forecast overspend remain as follows

- In Adult Social Services, the net cost of services to users (Purchase of Care)
- Within Children's Services, Looked After Children numbers remain high.

2.2 The forecast overspend has reduced by £1.5m in period 7 due mainly to increased forecast income from ASS care service users, and a further £1.2m in period 8 due to improved forecasts across a number of services.

2.3 General Balances are forecast to be £19.200m at 31 March 2016, before taking into account any forecast under/overspends.

2.4 The Council has earmarked revenue reserves which are forecast to be £37.942m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), but this did not fully reflect the grants and contributions brought forward. The Council separately holds Reserves in respect of Schools forecast to be £31.744m at 31 March 2016.

3 Agreed budget, changes and variations

3.1 The 2015-16 budget was agreed by Council on 16 February 2015 and is summarised in the Council's Budget Book 2015-18. A summary of the budget by service is as follows:

Table 1: 2015-16 original and revised net budget by service

Service	**Approved net base budget**	**Opening budget P7**	**Changes in P7 Oct 2015**	**Revised budget P7**	**Changes in P8 Nov 2015**	**Revised budget P8**
	£m	£m	£m	£m	£m	£m
Adult Social Services	242.197	241.702	-0.026	241.676		241.676
Children's Services	174.531	173.852		173.852		173.852
Community and Environmental Services	156.310	170.413	0.026	170.439		170.439
Resources	38.299	23.155		23.155	-0.575	22.580
Finance and Property	13.130	15.562		15.562		15.562
Finance General	-306.039	-306.256		-306.256	0.575	-305.681
Total	**318.428**	**318.428**	**-**	**318.428**	**-**	**318.428**

3.2 The budget movements in period 7 reflect the appropriate placement of a grants budget, and the larger movement in period 8 relates to the transfer of IT infrastructure lease budgets to Finance General to ensure MRP is properly accounted for. The Council's overall net budget has not changed during the year to date.

4 Control of growth, cost pressures and savings targets

4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2015-16 budget (budget book page 10) are shown in the following table along with a brief narrative showing the status in each:

Table 2: 2015-16 key planning pressures

Key planning assumptions	Impact £m	Status
Pay and price inflation – in particular pressures relating to third party contracts.	10.904	The Consumer Prices Index (CPI) rose by 0.1% in the year to November 2015, compared with a 0.1% fall in the year to October 2015 (September -0.1%). This is lower than forecast at the time of budget setting. Budgets have been adjusted to reflect lower inflation in order to fund £0.5m priorities agreed at February 2015 County Council. Agreed pay increases are in line with budget assumptions.
Demand / **Demographics** – pressures through both the age profile of the county and through changes to need, including supporting looked after children.	21.230	Long term demographic pressures still apply. The forecast cost of supporting looked after children continues to result in a significant forecast overspend over and above the budgeted impact.
Legislative requirements – including implementation of the Social Care Act 2014, new responsibilities for social care in prisons, and the impact of conversions of schools to academies.	13.113	Financial pressures resulting directly and indirectly from legislative changes are expected to have the predicted impact on budgets, including the costs of early assessments of service users who fund their own care which have been introduced in 2015-16.

4.2 **Savings targets:** The key savings targets required for the preparation of a balanced 2015-16 budget are addressed in separate reports to P&R committee.

4.3 **2015-16 Norfolk Business Rates Pool - update**

The Norfolk business rates pool for 2015/16 consists of Norfolk County Council and all the Norfolk district councils apart from Great Yarmouth Borough Council. Central government treats the pool as a single authority and the financial benefit of pooling is to remove the levy otherwise due to central government on business rate growth.

Forecast saved levy payments at the start of the year totalled £3.7m. Reduced rates and increased business rates appeals in areas has reduced this levy, but the latest forecasts still indicate a benefit to pooling of £1.9m. The outcome will be known after confirmation of outturn figures from the collection authorities in May 2016.

The saved levy is to be used to support Norfolk's economic growth strategy. Spend on projects is approved by Norfolk Leaders, and funds as they are secured will be targeted on projects that lead to: job creation, further business rates growth, housing growth, improved skills and qualifications, and new business creation/expansion.

5 Revenue outturn – forecast over/underspends

5.1 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.

5.2 The latest projection for the 2015-16 revenue outturn shows a net projected overall **overspend** of **£3.133m**, after identified recovery actions and anticipated use of earmarked funds/reserves.

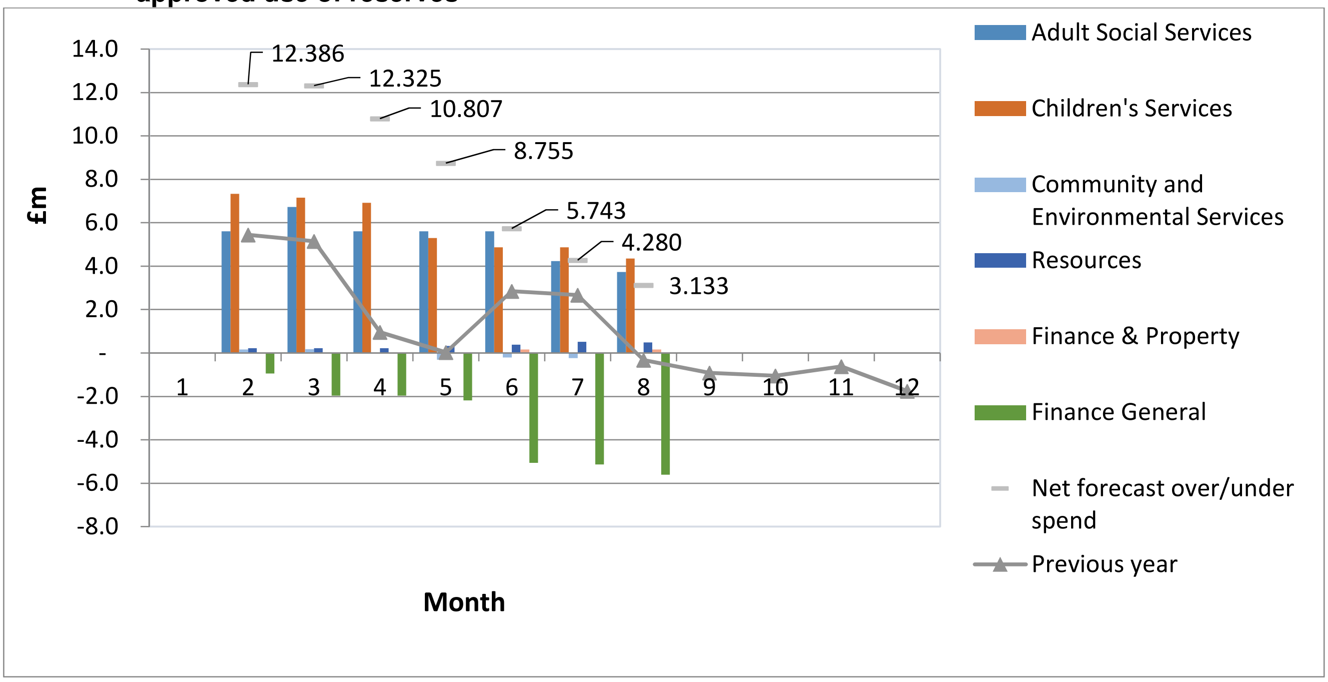
5.3 Details of all projected under and over spends for each service, together with areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2015-16 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Adult Social Services	241.676	3.738	1.5%	A
Children's Services	173.852	4.355	2.5%	R
Community and Environmental Services	170.439	0	0.0%	G
Resources	22.580	0.484	2.1%	A
Finance and Property	15.562	0.167	1.1%	G
Finance General	-305.681	-5.611	1.8%	G
Totals	**318.428**	**3.133**	**1.0%**	**A**

5.4 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2015-16, by month, after recovery actions and approved use of reserves



The main reasons for the forecast overspend are as follows:

- **Adult Social Services**: the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings resulting in a forecast gross overspend of just under £9m. The overspend has been significantly off-set by the use of new funding for implementing the Care Act. The overspend has significantly reduced in period 7 due to an increase in forecast income from service users, with further improvement in this area in period 8.

  The department is taking rigorous recovery action to reduce in-year spending as far as possible. Detailed explanations of the overspend action plan can be found in the 2015-16 ASC Finance Monitoring Report Period 8 (November) presented to 25 January ASC Committee.

- **Children's Services**: The Children's Services forecast overspend position has improved by £0.5m since the P6 report to November P&R Committee due to adjusted forecasts in a number of areas, the largest improvement being in the area of Additional cost of agency social workers and NIPE social workers.

  Overall, the number of Looked After Children has not reduced as quickly as originally planned, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs. Further details are shown in the 26 January 2016 Children's Services Committee Integrated Performance and Finance Monitoring Report.

5.5 **Resources**: At the end of month 8 there is a forecast overspend primarily relating to the decision to delay or amend the proposals to charge staff for the use of the County Hall car park. A detailed breakdown of Resources budgets is shown in Appendix 2.

5.6 **Finance General underspend**: A detailed breakdown of the £5.6m Finance General underspend is included in Appendix 2. The latest forecast assumes that the Council will not undertake any borrowing in 2015-16, which accounts for £4m of the forecast underspend.

5.7 The forecast for our largest areas of risk and expenditure (Children's and Adults placement budgets) are built upon detailed models. The overspend on these models is then reduced by evidenced actions to deliver savings or reductions in the overspend itself. Officers are working on such actions and as such it is expected that the overall forecast overspend will continue to reduce as we move further through the year.

Potential cost pressures and potential improvements not reflected in forecasts:

5.8 **ASC judicial review**
The Council has received a claim for a Judicial Review of a fee uplift decision made by the Council in respect of care charges (ref 7 September Adult Social Care Committee). There is a risk that the Judicial Review and an associated Cost of Care exercise currently underway may result in increased costs.

6 General balances and reserves

General balances

6.1 On 16 February 2015 Council agreed the recommendation from the Executive Director of Finance that a minimum level of General Balances of £19.2m be held in 2015-16, an increase of £0.200m. General Balance levels at 31 March 2016 are estimated as follows.

Table 4: forecast general balances

	£m
General Balances 1 April 2015	**19.000**
Use of funds for one-off purposes: Increase in General Balances (Budget Book 2015-18 page 117)	0.200
Latest forecast General Balances at 31 March 2016	**19.200**

The forecast does not take into account any current year projected over/under spends.

Earmarked reserves balances and forecasts

6.2 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The plan for 2015-16 predicted reserves of £32.341m (Earmarked reserves - non schools, Budget Book page 144), and the forecast outcome below is in line. The Council carries a number of reserves with totals as follows:

Table 5: actual and forecast revenue reserves

	Service bals 31 March 2015 after year end adjustments	31.3.16 forecast at period 6	31.3.16 forecast at period 7	Latest forecast balances 31.3.16
	£m	£m	£m	£m
Earmarked reserves - non schools				
Adult Social Services	8.748	2.203	2.203	2.203
Children's Services	5.403	2.668	2.430	2.430
CES	26.478	17.368	15.484	15.408
Resources	14.651	7.253	8.749	8.860
Finance and Property	0.967	0.452	0.452	0.580
Finance General	12.235	8.611	8.452	8.461
	68.483	**38.555**	**37.770**	**37.942**
Earmarked reserves - schools				
Schools - LMS balances	22.545	18.209	19.220	19.220
Schools - other reserves	17.301	16.514	12.634	12.524

Total schools reserves	**39.846**	**34.723**	**31.854**	**31.744**
Total Reserves	**108.329**	**73.278**	**69.624**	**69.686**

Note: forecasts in table above exclude accounting provisions, so differ from reserves and provisions figures quoted in service committee reports.

6.3 ASS reserves are forecast to reduce by over £6m, due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £2.7m planned expenditure from grants and contributions brought forward, and £0.7m from the Prevention fund. There have been no movements in the forecast since period 6.

6.4 Children's Services forecast net use of reserves is slightly changed since the previous period due to a forecast draw of £0.100m on the School Sickness Insurance Scheme. The year on year change represents forecast use of various reserves, including significant use of grants and contributions brought forward from 2014-15.

6.5 Net reserves use is forecast across the majority of CES services. This includes significant use of the apprenticeship scheme and capital sustainability reserves. Forecast CES reserves have reduced since P6 with approximately £1m additional use of the Commuted Sums Highways Maintenance reserves to fund additional NDR costs, and £0.8m additional net use of the Better Broadband reserve to support that project.

6.6 Resources reserves show a forecast reduction for the year of £7.5m, primarily due to the planned use of £4.8m (P6 £5.9m) ring-fenced Public Health monies and the projected use of £1.5m (P6 £1.1 m) from the General IT fund towards the DNA project. In addition, there is significant forecast use from the Organisational Change and Redundancy reserve, the Repairs and Renewals reserve, and the Car Leasing Scheme reserve totalling approximately £1m.

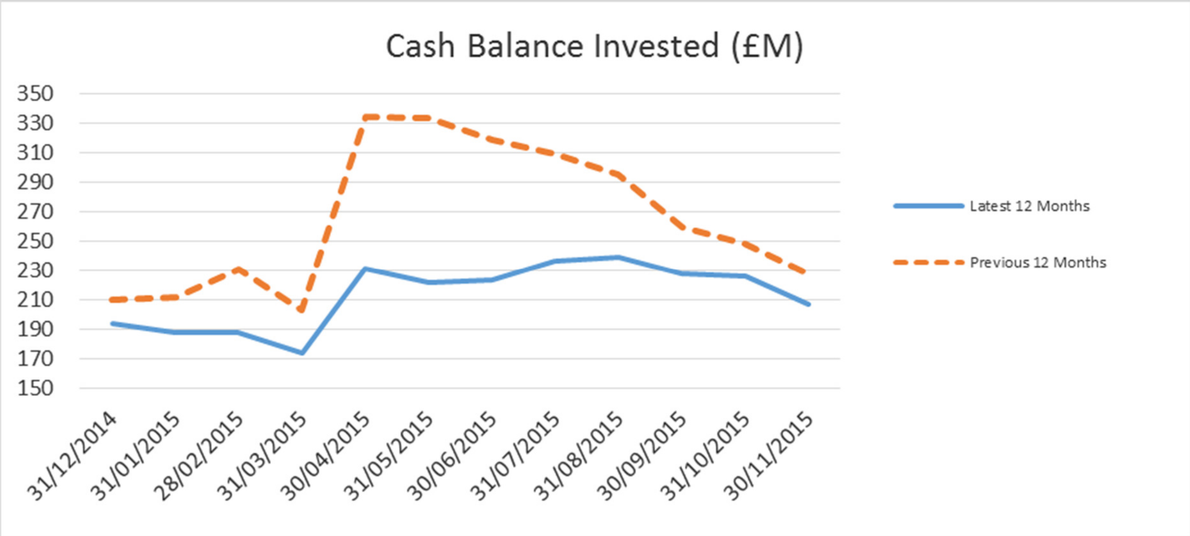
6.7 The forecast balances for Finance and Finance General reserves are largely unchanged since period 6, apart from compensating adjustments to organisational change reserves.

7 Treasury management summary – period 8

7.1 The corporate treasury management function ensures the efficient management of all the authority's cash balances.

The graph below shows the level of cash balances over the latest 12 months (against a comparison for the previous 12 months). The spike in April 2014 (dashed line) reflects the front loading of Business Rates Retention and Revenue Support Grant (half of the £246m annual total received in one month), whereas the current year's receipts are more evenly distributed through the year.

Chart 3: Treasury cash balances

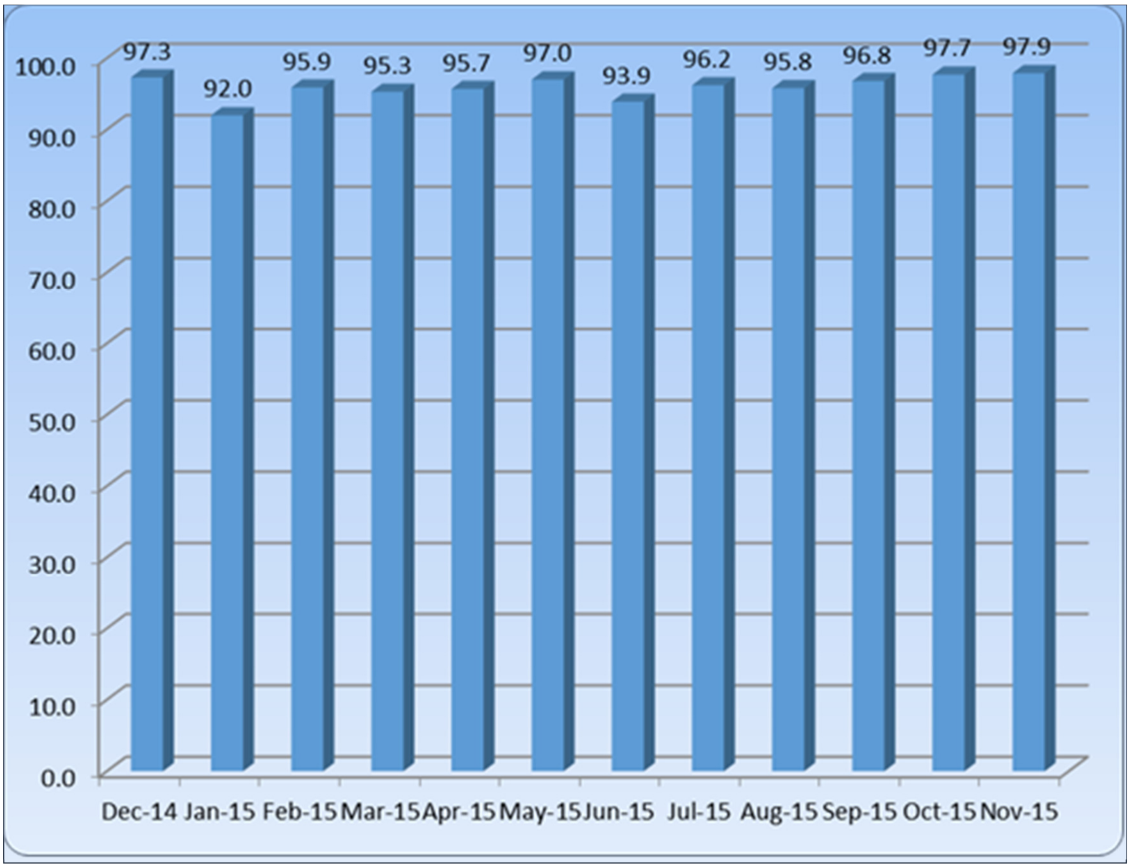


Gross interest earned for the period 1 April 2015 to 30 November 2015 is £1.077m.

In accordance with the approved 2015-16 Investment Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

8 Purchase and payment performance

8.1 **Payment performance**: approximately 420,000 invoices are paid annually.
In November 2015 97.9%, (October 2015 97.7%, September 96.8%) were paid within a target of 30 days from receipt, against a target of 90%. The percentage has not dropped below 92% in the last 12 months, as shown in the graph below.

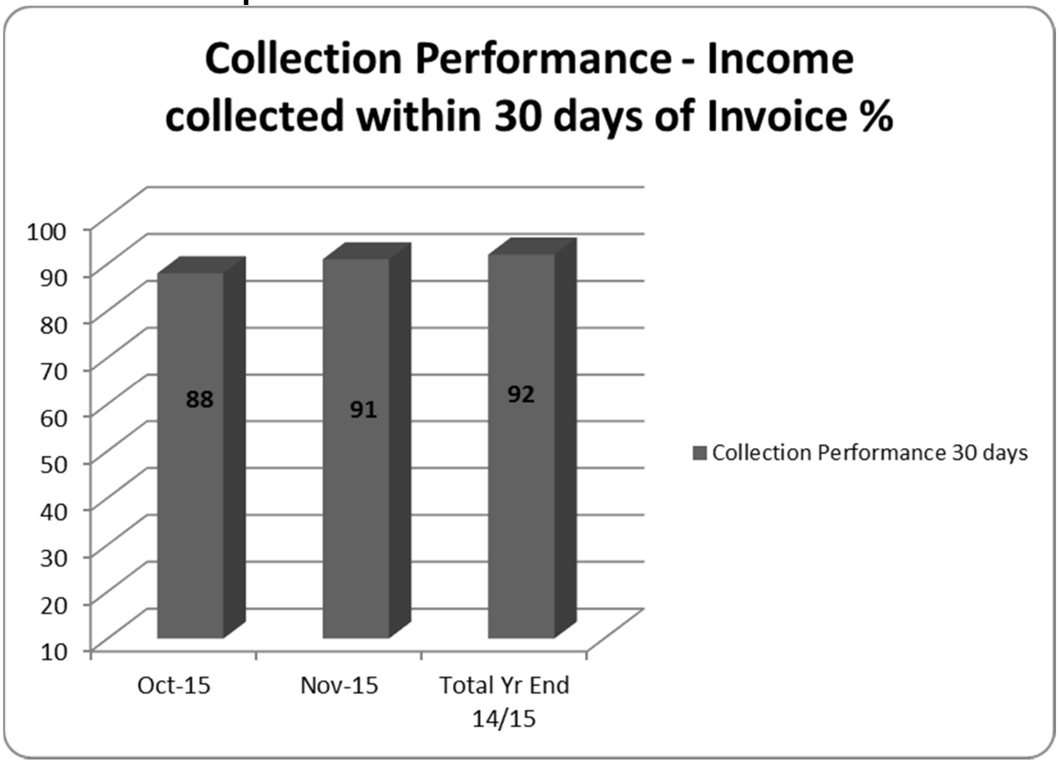


*Note: The figures include an allowance for disputes/exclusions.

9 Debt recovery

9.1 **Introduction**: Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £920m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.
In 2014/15 92% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected overall.

9.2 **Debt collection performance measures**

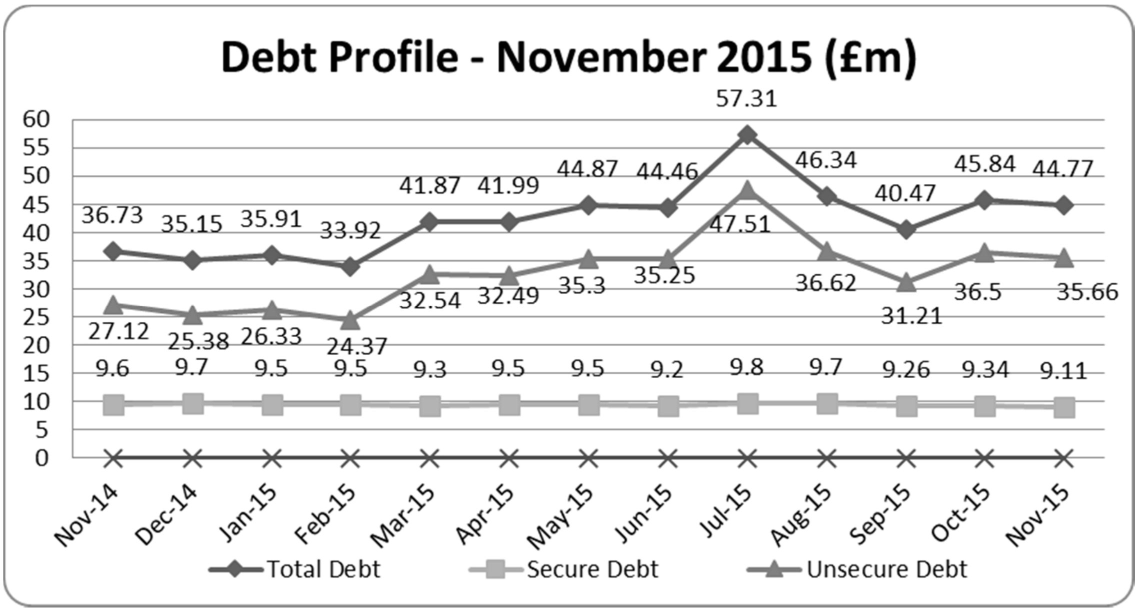


- Collection performance for November 2015: 91% (October 2015: 88%, September 93%) of invoiced income, measured by value, was collected within 30 days
- Levels of outstanding debt – secured £9.11m and unsecured £35.66m (October/September 2015 £9.34m/£9.26m & £36.5m/£31.2m respectively). The majority of unsecured debt relates to social care (£24.98m, previous month £26.43m).

9.3 The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. The level of debt is shown in the following table:

The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

Fig 3a: Debt Profile (Total)



9.4 The "spike" in July related to amounts due from CCGs, the majority of which was for amounts since collected for shared care, continuing care, free nursing care and Better Care Pooled Fund.

9.5 The overall level of debt with the CCG's has increased by £5.74m during October, accounting for the majority of the increase since September. The overall level of debt with the CCG's has decreased by £1.02m during November.

9.6 **Debt write-offs:** In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Executive Director of Finance approves the write off of all debts up to £10,000.

9.7 Service departments are responsible for funding their debt write offs. Once the debt is written off the amount of the write off is reflected a) in the service department's budget through the reversal of the income from the transaction or b) where a service has set up a bad debt provision (for example Adult Social Services) the provision is used to fund the write-off. Further details of the recovery actions taken prior to any debt being written off were reported to the September meeting of this committee.

9.8 For the period 1 April to 31 November 2015, 434 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £198,673.13.

9.9 One debt over £10,000 identified for write off in 2015-16 has been subject to Policy & Resources Committee approval. This debt totalled £16,507.73.

Revenue Annex 1

Projected revenue outturn by service analysis

The latest projection for the 2015-16 revenue budget shows a net projected overall variance as follows:

Table A1a: projected revenue over and (under) spends by service

Service	Revised Budget	Service total projected over / (under) spend	Remedial action: use of reserves / unallocated funds	Net total over / (under) spend	%
	£m	£m	£m	£m	
Adult Social Services	241.676	8.938	-5.200	3.738	1.55%
Children's Services	173.852	4.355		4.355	2.51%
Community and Environmental Services	170.439	0		0	0.00%
Resources	22.580	0.484		0.484	2.14%
Finance and Property	15.562	0.167		0.167	1.07%
Finance General	-305.681	-5.611		-5.611	1.84%
Totals current month	**318.428**	**8.333**	**-5.200**	**3.133**	0.98%
Previous month (P7)	*318.428*	*9.480*	*-5.200*	*4.280*	*1.34%*
Previous report (P6)	*318.428*	*10.943*	*- 5.200*	*5.743*	*1.80%*

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Where overspends are forecast, it may be necessary to identify remedial action, alternative sources of funding, or to plan draw on reserves.

The £5.2m use of reserves shown above relates to the use of Care Act funding not specifically allocated when budgets were approved.

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2015-16 over/(under)spend previous report	**5.743**
Movements in October - summary	
Adult Social Services	-1.375
Children's Services	-
Community and Environmental Services	-0.030
Resources	0.131
Finance and Property	-0.120
Finance General	-0.069
Latest forecast over / (under) spend after use of reserves	**4.280**
Movements in current period - summary	
Adult Social Services	-0.499
Children's Services	-0.508
Community and Environmental Services	0.239
Resources	-0.035
Finance and Property	0.131

Finance General	-0.475
Latest forecast over / (under) spend after use of reserves	**3.133**

The net over / underspend is a result of a range of underlying forecast over and underspends which are listed on the following pages and which are the subject of detailed monthly monitoring within services.

Revenue Annex 1 continued

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change Oct	Change this month
	£m	£m	£m	£m
Adult Social Services				
Central Services – Business Development		-0.348	-0.018	0.024
Commissioning, including Supporting People	0.618		-0.149	-0.230
Early Help and Prevention	0.180		-0.096	-0.057
Safeguarding	11.838		0.599	0.213
Income from Service users		-3.508	-2.007	-0.456
Management, Finance and Transformation	0.406		0.325	0.029
Human Resources		-0.248	-0.029	-0.022
Over / (under) spend before recovery actions	**13.042**	**-4.104**	**-1.375**	**-0.499**
	8.938			
Application of Care Act funding		-5.200		
Forecast total for Adult Social Services	**13.042**	**-9.304**	**-1.375**	**-0.499**
Over / (under) spend after recovery actions and approved use of reserves	**3.738**			

Children's Services (note – all P7 movements were incorporated into the P6 figures reported to committees in November)	Projected over spend	Projected under spend	Change Oct	Change this month
Spending increases and reductions	£m	£m	£m	£m
LAC agency residential costs	3.758			0.241
LAC agency fostering	1.443			0.020
Additional in-house fostering costs inc "staying put policy"	0.856			-0.040
Additional cost of fostering recruitment	0.036			-0.024
Additional cost of purchasing adoption out county placements	0.130			
Additional residence/kinship costs	0.450			0.072
Additional cost of care leavers independent living support	0.973			-0.027
Additional number of Boarding Pathfinder placement	0.049			
Additional cost of agency social workers and NIPE social workers	0.720			-0.780
Reduced cost of Early Years & Childcare Service		-0.510		-0.110

Savings on Information Advice and Guidance Service vacancies		-0.150		0.300
Capitalisation of school broadband costs		-0.176		
Additional school attendance court fine income		-0.160		
Savings on staff costs due to vacancy management		-0.175		0.300
Reduced cost, school staff redundancies/retirement scheme		-0.076		0.130
Reduced LAC legal costs		-0.285		-0.090
Reduced support costs for partnership working as a result of more direct work by teams		-0.500		-0.500
Other minor savings across Children's Services		-0.120		
One-off corrective actions				
Educational Psychology Income		-0.100		
Support for Children with Disabilities		-0.300		
Vacancy Management		-0.280		
2 year old trajectory funding		-0.890		
Use of grants and reserves		-0.338		
Dedicated schools grant				
Underspend on schools contingency fund		-0.500		
Additional cost of Independent and non maintained provision	2.600			
Additional special school places	0.900			
Additional cost of Alternative provision	0.900			
Reduced cost of suspended school staff		-0.120		
Use of schools contingency fund reserve to fund above DSG variances		-3.780		
Forecast outturn for Children's Services	**12.815**	**-8.460**	**0.000**	**-0.508**
	4.355			

Community and Environmental Services	Projected over spend	Projected under spend	Change Oct	Change this month
Highways and Transport Services		-1.054	-0.713	-0.334
Environment and Planning – Energy and Waste		-0.153		
Economic Development and Strategy		-0.090		
Business Development and Support	1.307	-	0.713	0.344
Cultural Services		-		
Customer Services		-		
Fire & Community Resilience		-0.010	-0.030	0.229
Forecast out-turn for CES	**1.307**	**-1.307**	**-0.030**	**0.239**
	0.000			

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change Oct	Change this month
Resources	£m	£m	£m	
Director of Resources – inc County Hall car park income	0.803		0.110	0.004
Policy and Performance		-0.101	-0.014	0.014
Corporate Programme Office		-0.026		-0.026
Procurement		-0.134	-0.008	-0.016
Human Resources		-0.042	-0.004	0.034
Consultation		-0.009		-0.009
Democratic Services		-0.008	0.047	-0.037

Public Health		0.001		0.001
ICT		-		
Net forecast outturn for Resources	**0.803**	**-0.319**	**0.131**	**-0.035**
	0.484			
Finance and Property				
Finance – including schools finance and other staff costs/savings		-0.150	-0.013	-0.037
Property – office accommodation	0.317		-0.107	0.168
Net forecast outturn for Finance and Property	**0.317**	**-0.150**	**-0.120**	**0.131**
	0.167			
Finance General				
Adjustment to forecast interest on balances (see Appendix 2)		-4.160	-0.024	-0.036
ESPO dividend income		-0.223		-0.223
Local Assistance Scheme current year underspend		-0.400		
National insurance savings re Childcare Vouchers		-0.190		
Adjustment to minimum revenue provision to reflect re-profiling of capital schemes to be funded from borrowing		-1.221		-0.211
Additional costs arising from Norse pension liabilities and volume discount.	0.583		-0.045	-0.005
Net forecast outturn for Finance General	**0.583**	**-6.194**	**-0.069**	**-0.475**
		-5.611		

Norfolk County Council

Appendix 2: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

The Policy and Resources Committee is responsible for the oversight of the Council's Resources and Finance budgets (including the Finance and Corporate Property service, and Finance General, excluding Consultation unit and Public Health). This appendix is designed to give a brief overview of the financial performance of each of these service areas.

The table below summarises the forecast outturn position as at the end of October 2015 (Period 7).

2 Resources

2015 / 16	Current Budget Net Expenditure / (income)	Actual to date	Full Year Forecast	Overspend / (Underspend)
	£m	£m	£m	£m
Managing Director's Office	0.424	0.263	0.424	0.000
Director of Resources	(1.228)	0.138	(0.425)	0.803
CIPPS & BPPS	1.679	1.048	1.578	(0.101)
Corporate Programme Office	0.790	0.543	0.764	(0.026)
Procurement	1.335	1.260	1.201	(0.134)
Human Resources	3.813	4.465	3.771	(0.042)
Communications	0.732	0.476	0.732	(0.000)
nplaw	(0.453)	0.687	(0.453)	0.000
Democratic Services	2.342	1.960	2.334	(0.008)
Public Health	(1.201)	20.080	(1.200)	0.001
ICT	14.353	15.160	14.353	0.000
Total Corporate Resources – P&R	**22.586**	**46.079**	**23.079**	**0.493**
Total Corporate Resources – Communities Committee				**(0.019)**
Total Corporate Resources				**0.484**

The main reason for the net overspend above is £0.440m relating to a decision not to proceed with a scheme for charging staff to use the County Hall car park.

Other forecast overspends within the service are largely off-set by potential savings from vacancy management and income generation in other areas.

Where expenditure year to date in excess of the profiled net budget, it is generally accounted for by expenditure having been committed, where related income has not been received or re-charges have yet to be made.

3 Finance and Property, and Finance General

2015 / 16	Current Budget £m	Expenditure Year to Date £m	**Full Year Forecast £m**	**Reported Overspend / (Underspend) £m**
Finance	6.706	6.909	6.556	-0.150
Property	8.856	6.465	9.173	0.317
Finance & Property	**15.562**	**13.374**	**15.729**	**0.167**
Finance General	-306.256		-311.867	-5.611
Total Finance	**-290.694**	**13.374**	**-296.138**	**-5.444**

At the end of month 8, there is a forecast net over spend within the Property function. This overspend relates to one-off forecast costs of servicing office accommodation at County Hall, Havenbridge and other properties, and additional dilapidation costs, at a time when staff are being re-located. The property overspend is partly offset by a Finance underspend which is primarily due to reduced staff costs.

Forecast reserves for Finance and Finance General as at 31 March 2016 total £9m, with the largest reserves being Organisational Change and Redundancy, Building Maintenance (including Farms) and the Insurance reserve.

4 Finance General over and underspends

A table showing forecast under and over spends is included in Annex 1 to Appendix 1. Explanations for Finance General forecasts are as follows:

Interest on balances due to reduced borrowing (forecast underspend £4.124m)
The 2015-16 interest payable/receivable budget was prepared on the basis that borrowing to support capital expenditure would be undertaken on 1 April 2015. This assumption was made to ensure that, in accordance with the treasury management code of practice, treasury management activities are not impacted by short-term budget considerations.

The decision to defer additional borrowing during the remainder of 2015-16 will depend upon the Council's cash flow requirements and movements on short and long term interest rates which are constantly monitored, but there are no immediate plans for new borrowing. The forecast assumes no new borrowing will take place before 31 March 2016.

Norfolk's Local Assistance Scheme (forecast underspend £0.400m)
Norfolk's Local Assistance Scheme provides help to the most vulnerable people in the county, and can provide daily living expenses through short periods of crisis, or items of furniture, core electrical goods, bedding etc, in supporting people to either remain or resettle within the community. Take-up of the scheme has not been as high has expected, and one off underspend is forecast for 2015-16.

Forecast Minimum Revenue Provision (forecast underspend £1.010m)
Every year the Council has to set aside an amount which represents the minimum contribution to the repayment of borrowing. The MRP underspend is an adjustment which

reflects capital spend which was budgeted to be spent in 2014-15, but which is now forecast to be incurred in 2015-16 and beyond.

National insurance saving on childcare vouchers (forecast underspend £0.190m)
A one-off saving has occurred due to the way in which employers NI on childcare vouchers has been accounted for.

Norse pension liabilities (forecast overspend £0.588m)
This adjustment relates to additional costs arising from 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The shortfall has arisen due primarily to a decrease in the number of NPS employees in the LGPS. A benefit to NCC of the transfer of pension liabilities is that the transfer has enabled the Norse Group to pay dividends to Norfolk County Council. A further element of the shortfall relates to the level of volume discount expected to be received from the Norse Group.

Norfolk County Council

Appendix 3: 2015-16 Capital Finance Monitoring Report Month 8

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Period 8 (November)

1.1 The 2015-16 Capital Programme was approved by the County Council on 16 February 2015 and is published in the Council's 2015-18 Budget Book. Changes between budget approval and the 2015-16 capital outturn report resulted in an updated opening position shown in Table1 below.

1.2 Since then, the capital programme has undergone further revisions. The latest revised programme totals £576.056 m, made up of:

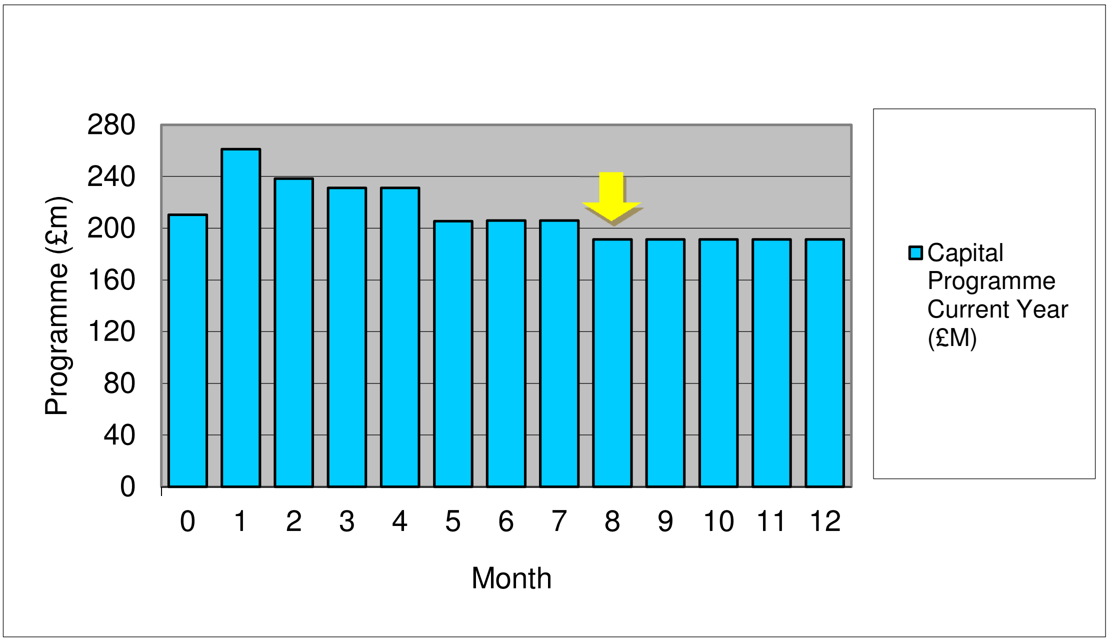
Table 1: Revised Capital Programme

	2015-16	2016-18
	£m	**£m**
New schemes approved February 2015	38.982	136.281
Previously approved schemes	171.521	92.149
Totals in 2015-18 Budget Book	**210.503**	**228.430**
Re-profiling at financial year end	39.070	3.338
Other Adjustments, including adjustments to indicative funding settlements	11.511	36.897
Capital Programme Opening Position	**261.083**	**268.665**
Previously approved reprofiling	-66.381	66.381
Other movements previously approved	11.359	20.000
Totals previous period	**206.061**	**355.046**
Re-profiling this period	-28.717	28.717
Other movements to be approved	14.074	0.875
Revised capital programme forecast outturn	**191.419**	**384.637**
Total		**576.056**

Other movements 2015-16 includes a Norse Energy Capital loan in the amount of £15.000m agreed at Policy & Resource meeting 30 November 2015 as part of Mid Year Treasury Management Monitoring report 2015-16.

1.3 The following chart identifies the cumulative effect of the changes to date on the capital programme.

Chart 1: Capital Programme changes to date 2015-16 at period 8



1.4 Month "0" represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2014-15. The arrow at Month 8 shows the latest position.

1.5 The table below provides a high level view of how the revised 2015-16 programme is made up for each service:

Table 2: Revised capital programme 2015-16

Service	Opening Capital Programme 2015-16	Cumulative Changes To Date	Reprofiling To Be Approved	Other Changes To Be Approved	2015-16 Capital Programme	Forecast Outturn	Over / (Under)spend
	£m	£m	£m	£m	£m	£m	£m
Children's Services	100.392	-36.686	-21.028	0.221	42.899	42.899	0.000
Adult Social Care	8.733	-6.350	-0.200	0.006	2.190	2.190	0.000
Community & Environmental Services	116.003	-7.032	-3.279	-1.156	104.536	104.257	-0.278
Resources	17.989	-5.000	-4.210		8.779	8.779	-0.000
Finance	17.966	0.047		15.004	33.017	32.194	-0.823
Total	261.083	-55.021	-28.717	14.074	191.421	190.319	-1.101
		206.062		**-14.642**			0.000

1.6 Reprofiling and other changes to schemes are identified in further detail in Capital Annex 1.

1.7 The revised programme for future years (2016-17 and 2017-18) is as follows:

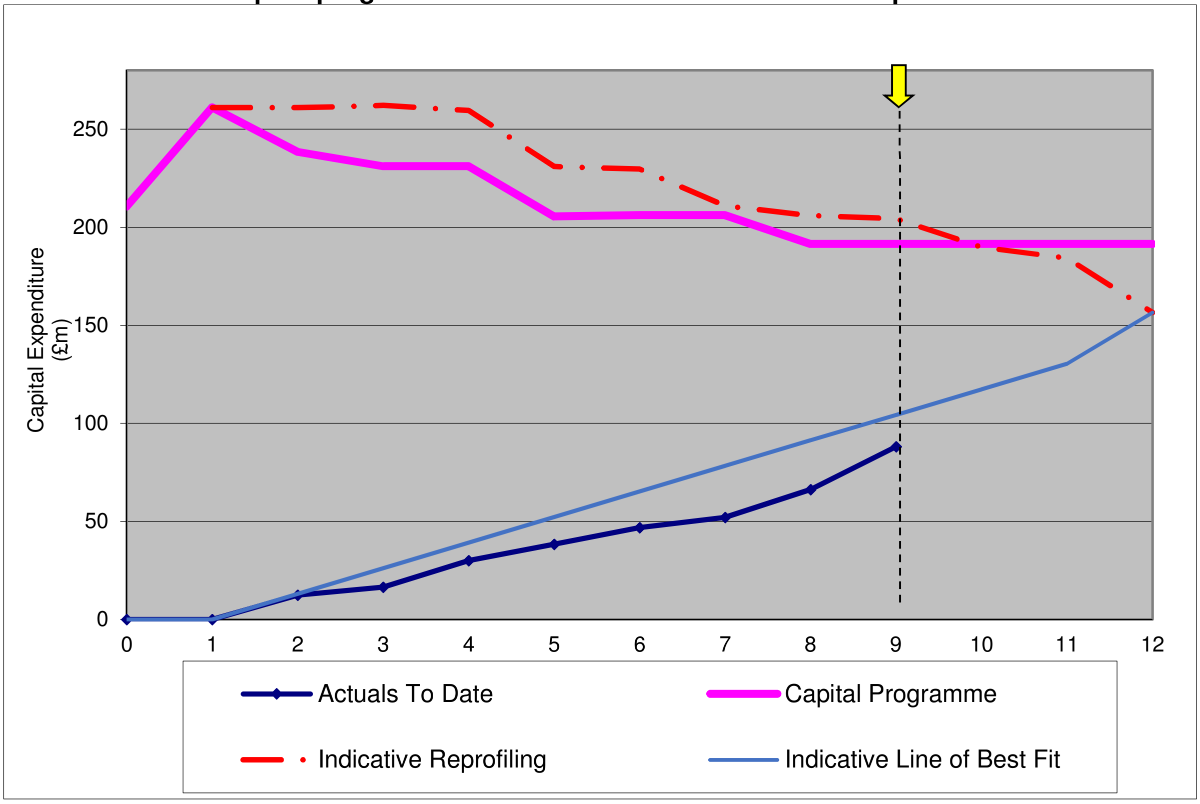
Table 3: Capital programme 2016-18

Service	Forecast for 2016-18 at end of September 2015 £m	October/November Reprofiling (from 2015-16 to future years) £m	Other Movements £m	Revised 2016-18 forecast at end of November 2015 £m
Children's Services	113.207	21.028	2.699	136.934
Adult Social Care	10.403	0.200	0.000	10.603
Community & Environmental Services	207.136	3.279	-2.574	207.841
Resources	22.100	4.210	0.750	27.060
Finance	2.200	0.000	0.000	2.200
TOTAL	**355.046**	**28.717**	**0.875**	**384.638**

Actual Spend and Progress on Capital Programme

1.8 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2015-16 and cumulative actual expenditure



1.9 Total expenditure on the 2015-16 capital programme to 31st December (period 9), including capital loans made to wholly owned companies, was £88.171m

1.10 The graph above suggests that expenditure is below expectations. Although the graph shows that re-profiling is taken place earlier than last year, there may still be a significant amount of re-profiling of expenditure into future year's programmes. The historic re-profiling trend is identified by the dashed line.

1.11 Progress towards the completion of the current capital programme by each service is as follows:

Table 4: Comparison of capital programme, by service, and expenditure to date

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred
	£m	£m	
Children's Services	42.899	14.443	33.7%
Adult Social Care	2.190	0.362	16.5%
Community & Environmental Services	104.536	50.066	47.9%
Resources	8.779	3.761	42.8%
Finance	33.017	9.539	28.9%
Total	**191.421**	**78.171**	**40.8%**

1.12 There will be further reprofiling of the Children's Services programme during the year, which has been a major driver of the indicative reprofiling in Chart 2 in prior years.

1.13 The development of the Children's Services capital programme has continued during 2015-16 with reports on the capital programme going to Children's Services committee and the Capital Priorities Group, in particular relating to the Great Yarmouth Reorganisation project.

1.14 Construction of the Postwick Hub junction has continued during 2015-16 with completion expected this year.

Loans to subsidiaries

1.15 A table showing the current status of loans to NCC subsidiary companies is attached as Capital Annex 2. All repayments are up to date.

Norwich Northern Distributor Road

1.16 Consent from the DfT for the Norwich Northern Distributor Road scheme was notified on 2 June 2015. The scheme was discussed in detail at 2 September 2015 County Council, with further clarification at an Extraordinary Meeting held on 6 November 2015.

1.17 The financial totals included in this month's capital programme have been updated for funding identified at the 2 September and 6 November meetings, including an additional £10m from each of the DfT and New Anglia LEP.

1.18 In March 2011 the Greater Norwich Development Partnership Policy Group agreed to pool CIL receipts to establish a shared infrastructure investment fund to support delivery of priority infrastructure projects, including up to £40m for the delivery of the NDR. The County Council is the accountable body for the delivery of the NDR, and will borrow this element of funding supported by future CIL income.

1.19 A report to 6 November 2015 County Council sets out the latest cost and funding position relating to the NDR. A summary of the project costs and funding is as follows:

NDR Project costs

	£m	**£m**
Postwick Hub		27.70
NDR		
Construction cost	104.20	
Statutory undertakers	8.30	
Land costs	17.20	
Preparation, risk and contingency	20.25	
Supervision cost	1.30	
		151.25
Total		**178.95**

NDR Project funding

	£m	**£m**
DfT		
DfT Postwick Hub funding	19.00	
DfT NDR original funding	67.49	
DfT NDR additional funding	10.00	
		96.49
Community Infrastructure Levy		
CIL supported borrowing (underwritten by NCC)	40.00	

		40.00
NCC direct funding contribution		
Highways Services reserves	2.00	
Highways capital programme 2016-20, (£1.9m for 3 yrs plus £1.7m in 2019-20)	7.40	
Deferral of Bridge maintenance projects 2016-21	1.00	
NDR Reserve (used 2014-15)	2.50	
Capital receipts	17.85	
		30.75
New Anglia LEP (underwritten by NCC)		
NALEP contribution	10.00	
		10.00
Growth point funding to facilitate accelerated housing		
Growth point funding 2012-2014	1.71	
		1.71
Total		**178.95**

Expenditure to date, plus forecasts for the current and future years is as follows:

Spend profile		2012-13	2013-14	2014-15	2015-16	2016+
(estimate)	**Total**	Actual	Actual	Actual	Current yr forecast	Future yrs total forecast
	£m	£m	£m	£m	£m	£m
Postwick Hub		1.36	2.40	16.34		
NDR		1.81	3.98	7.98		
Totals	**178.95**	**3.17**	**6.38**	**24.32**	**33.11**	**111.97**
Cumulative		**3.17**	**9.55**	**33.87**	**66.98**	**178.95**

Note: The budget excludes the following items:

- a proportion of the costs associated with the Airport Radar which will be supported by a loan between NCC and the Airport, and
- Potential claims under the Land Compensation Act (1973) as explained at County Council at its meeting 2 September 2015.

The £40m “CIL supported borrowing (underwritten by NCC)” in the funding table above refers to an amount which Norfolk County Council will borrow from the Public Works Loan Board to part fund the construction costs. Annual repayments of capital and interest will be funded from future CIL receipts as agreed with Norwich City, Broadland District and South Norfolk District Councils..

The funding and spend tables above will be updated as the project progresses and specifically as active work starts on the NDR now that approvals and funding is in place.

2 Financing The Programme

2.1 The Council uses a number of sources of funding to support its capital programme.

2.2 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.

2.3 The table below identifies the planned funding of the revised capital programme:

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2015-16 Programme	2015-16 Forecast Outturn	2015-16 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	-8.590	14.029	63.683	62.859	-0.824	49.258
Capital Receipts	7.200	-1.421	-1.020	4.759	4.759	0.000	12.960
Revenue & Reserves	6.279	-0.612	0.493	6.160	6.160	0.000	2.400
Grants and Contributions		0.000					318.770
DfE	77.960	-29.884	-16.673	31.403	31.403	0.000	
DfT	59.278	-1.582	-4.418	53.277	53.001	-0.276	
DoH	7.721	-6.167	-0.200	1.354	1.354	0.000	
DCLG	0.967	-0.111	-0.303	0.554	0.554	0.000	
DCMS	3.001	0.000	0.000	3.001	3.001	0.000	
GNDP/CIF	0.000	0.000	0.000	0.000	0.000	0.000	
Developer Contributions	9.772	1.991	-1.736	10.027	10.027	0.000	
Other	30.662	-8.647	-4.814	17.201	17.201	0.000	
TOTAL	**261.083**	**-55.022**	**-14.642**	**191.419**	**190.319**	**-1.100**	**383.387**

2.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2015-16 programme of £63.683m: an increase since last month due mainly Norse Energy Loan in the amount of £15.000m agreed in full council meeting November 2015.

2.5 The highways underspend relates to a number of DfT grant funded projects: the funding released will be re-cycled into future year's highways projects.

2.6 The underspend under prudential borrowing includes £0.550m underspend on office accommodation in Great Yarmouth, resulting from the way in which property has been rationalised into Havenbridge House. The balance relates to farms projects which will be re-cycled in to future farms programmes.

3 Capital Receipts

3.1 The Council's Asset Management Plan, as approved on 1 June 2015, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

3.2 The plan notes that the property portfolio has latent value and the estate needs to be challenged rigorously to ensure assets are only held where necessary so that capital release or liability reduction is maximised. This in turn will reduce revenue costs of the operational property portfolio.

3.3 The capital programme, approved in February 2015, demonstrated how asset management would support capital expenditure through generating a target £8.085m of capital receipts through property disposals, in the context of a longer term disposals programme.

3.4 Since then, there have been a significant number of changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms estate.

3.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2015-16 Approved £m	**2015-16 End of September £m**	**2015-16 End of November £m**	**Changes in November £m**
General Capital Receipts	2.734	2.485	1.465	-1.020
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	1.740	1.740	0.000
Estimated Total Capital Receipts	**8.085**	**4.530**	**3.510**	**-1.020**

3.6 Changes on expected capital receipts following the last report are as follows:

3.6.1 <u>General Capital Receipts</u>

The main reasons for the decrease in expected receipts for the current year is the reprofiling of The Oaks Harvey Lane plots likely sales completion dates to 2016-17.

3.6.2 <u>Financial Packages Receipts</u>

No change

3.6.3 <u>County Farms Receipts</u>

No change

The following table classifies the movements on forecast receipts following the previous forecast.

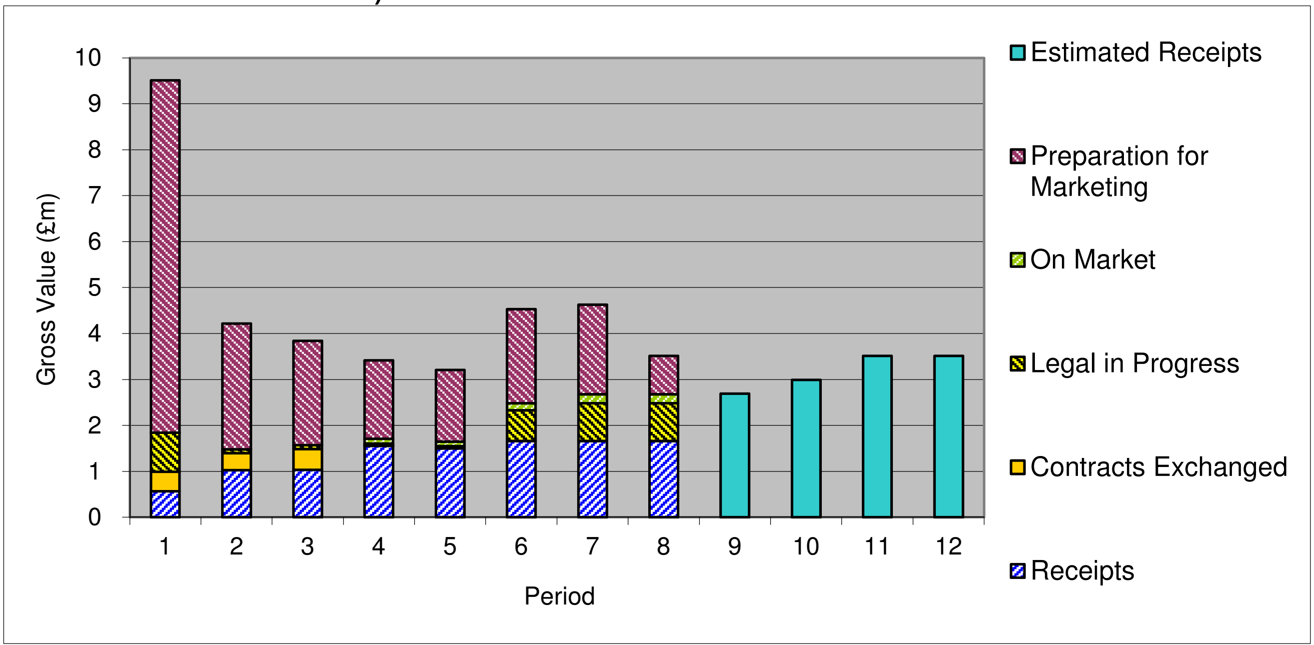
Table 7: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of September 2015	4.530

Additions	0.000
Upward revaluations of estimates	0.000
Delayed from 2015-16	-1.020
Brought forward from future years	0.000
Removals	0.000
Downwards revaluations of estimates	0.000
Disposals in 2014-15	0.000
Delayed until future years	0.000
Revised Estimate 2015-16	**3.510**

3.7 The chart below shows the progress on realisation of the forecast capital receipts for 2015-16.

Chart 4: Forecast Capital Receipts from property sales 2015-16 (estimated cumulative receipts shown from month 9)



3.8 Where unallocated capital receipts are generated the Council uses these to support its general capital programme. Anywhere capital receipts have been allocated as part of a financial package, but are still to be used, they are retained in the capital receipts reserve to fund future projects. The table below identifies expected movements on the capital receipts reserve:

Table 8: Capital receipts reserve forecast 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**2.845**	**0.409**	**3.254**
Forecast receipts from sales of properties	1.465	0.305	1.740	3.510
Receipts from sales of assets to leasing companies	0.000	0.000	0.000	0.000
Other capital receipts	0.059	0.000	0.000	0.059

Forecast receipts generated in year	**1.525**	**0.305**	**1.740**	**3.570**
Sales expenses	-0.286	-0.014	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	**1.238**	**3.136**	**2.148**	**6.523**
Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-1.238	-2.695	-0.827	-4.761
Forecast Closing Balance	**0.000**	**0.441**	**1.322**	**1.763**

3.9 Financial packages exist where the Council has agreed to link receipts from the sale of an asset with the funding of a specific project. Balances on financial packages exist where these projects remain incomplete.

3.10 Other capital receipts include loan repayments from subsidiary companies.

4 Capital schemes in development

4.1 Norwich Aviation Academy Loan

At its meeting on 20 July, Policy and Resources Committee approved a loan of £6.25m to be made available to Norse Group for the purposes of developing an Aviation Academy. This scheme, to be funded through prudential borrowing, has been added in the capital programme.

4.2 Museums Capital Projects

On 9 July 2015 Historic England wrote confirming the £1m made available by the Treasury towards work in the Keep at Norwich Castle. The grant has been received and is split £0.800m capital: £0.200m revenue and the capital element is included in this report.

Capital Annex 1

Reprofiling and Other Changes to the 2015-18 Capital Programme

i. This appendix sets out the reprofiling and other changes which have occurred during the first three months of 2015-16.

ii. The changes to the 2015-16 programme are as follows:

Reprofiling

Table A1a: Reprofiling in November 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	A1 - Major Growth (October)	Multiple Funding Sources	-2.176	West Lynn Primary (-£0.827m), Trowse Primary (-£0.400),Suffield Park (-£0.500m),Raleigh Admirals (-£0.502), Cawston Primary - Additional classroom (-£0.320m), Westfield Infants Expansion & Great Yamouth Primary Academy funding transferred back to basic need as per updated costs
	A1 - Major Growth (November)	Multiple Funding Sources	-2.395	Great Yarmouth Land acquisition (£0.400m),Wymondham High Academy (£0.942m) will start on site Feb/March 2016, Suffield Park (£0.450m),Hillcrest Primary, Modular Installation will start next year (£0.310m),Upwell Primary, 2 class modular (£0.200m)
	A3 - Area Growth & Reoganisation (October)	Grants and Contributions	-3.659	Reprofile according to progress Drake Infant (-£1.940m),Gayton (-£2.000m),Hunstanton Amalgamation (£0.281)
	A3 - Area Growth & Reoganisation (November)	Grants and Contributions	-1.339	Reprofile according to progress Gayton (-£0.588m),Wymondham Reorganisation primary developer contributions received (£-0.976),Ashleigh reorganisation (£0.225m)
	A4 - Growth - Minor Adjustments	Grants and Contributions	-1.036	Sparhawk Phase 2 (£0.483m), Roydon Primary School (£0.464m)
	B1 - SEN	Grants and Contributions	-2.650	Chapel Road (£2.000M)& Sidestrand Hall 6th Form (£0.650m)

	B1 - SEN (November)	Grants and Contributions	-0.725	Chapel Road on going negotiations
	B2 - Additional Needs	Grants and Contributions	-2.470	W.Norfolk specialist Academy
	A1 - Major Growth (November)	Grants and Contributions	-0.200	Woodside one Pre school
	C2 - Major Capital Maintenance	Grants and Contributions	-1.078	Brooke replacement sch, Swaffham Sports Hall re roofing
	D - ICT, Devolved Budgets & Other Schemes	Multiple Funding Sources	-0.800	Condition contingency, Academy conversions liabilities
	Devolved Formula Capital (November)	Grants and Contributions	-2.500	School Capital projects budgets
Children's Services Total:			**-21.028**	
Adult Social Care	Young Peoples Scheme - East to Adult Care Unallocated Capital Grant Adult Care - Unallocated Capital Grant	Grants and Contributions	-0.200	Scheme in East no longer going ahead so funding back to unallocated pot
Adult social Care Total			**-0.200**	
Community & Environmental Services	Norfolk Energy Futures Ltd	Borrowing and Capital Receipts	-2.200	Potential Government changes to the future funding of wind and solar schemes. As a result the amount of drawdown expected for this current financial year has reduced
	Drainage Improvements	Borrowing and Capital Receipts	-0.004	Reprofile to agree to current programme
	Gressenhall Farm and Workhouse Voices from the Workhouse	Grants and Contributions	0.300	Adjustment to funding based on progress of scheme
	Portable generators & wiring	Multiple Funding Sources	-0.259	Budget re-profiled
	Real Fire Training Unit	Revenue and Reserves	-0.499	80% of order to move to next year in line with estimated commissioning date

	North Lynn Improvements	Borrowing and Capital Receipts	-0.150	Retention funding reprofiled to future years.
	Kings Lynn Satellite Station	Borrowing and Capital Receipts	-0.125	Retention funding reprofiled to future years.
	Other schemes	Multiple Funding Sources	-0.342	Reprofile budget to agree to progress of schemes.
Community & Environmental Services Total			**-3.279**	
Resources	Better Broadband	Borrowing and Capital Receipts	-4.210	Re-profiling of expenditure to future scheme
Resources Total			**-4.210**	
Total Reprofiling			**-28.717**	

Other Changes

Table A1b: Other changes in November 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	D - ICT, Devolved Budgets & Other Schemes (November)	Multiple Funding Sources	0.221	Additional School Revenue contributions to capital schemes (£0.221m), Additional Developer Contribution (£2.699m) future years.
Children's Services Total			**0.221**	
Community & Environmental Services	Other Schemes	Grants and Contributions	-0.016	Adjustment to funding
	Kings Lynn Edward Benefer Way access (October)	Grants and Contributions	-2.965	Reduction in programme
	Traffic management schemes	Grants and Contributions	-0.149	Reduction in Costessey West End traffic calming scheme
	Structural Maintenance	Multiple Funding Sources	-0.905	Reduction in DfT Challenge funded schemes

	NDR	Multiple Funding Sources	2.356	Revision to NDR funding based on report to full council November 2015 (see future year's changes list)
	Library – Section 106 schemes	Grants and Contributions	0.006	Additional developer contributions
	Museum - Other Schemes	Revenue and Reserves	0.004	Additional Revenue funding.
	Real Fire Training Unit 14-15	Revenue and Reserves	0.482	Contributions from Revenue funding to scheme.
	Other schemes	Multiple Funding Sources	0.031	Contributions from Revenue funding to scheme
Community & Environmental Services Total			**-1.156**	
Finance	County Hall Refurbishment	Borrowing and Capital Receipts	0.223	CERF funding allocated to County Hall (£0.213m) and ETD other contribution (£0.010M)
	Norse Energy Loan	Borrowing and Capital Receipts	15.000	Capital Loan to NORSE agreed at Policy & Resource meeting November 30,2015 as part of Mid Year Treasury Management Monitoring Report 2015-16.
	CERF Pot	Borrowing and Capital Receipts	-0.213	
Finance Total			**15.010**	
Total Other Changes			**14.074**	
Future year's changes				
CES	NDR	Multiple Funding Sources	-2.574	Revision to NDR funding based on report to full council November 2015
Community & Environmental Services Total	(future years)		**-2.574**	

Capital loans between NCC and NCC companies – as at November 2015

Details	**Norse Group Ltd**	**Norfolk Energy Futures Ltd**	**Hethel Innovation Ltd**
	“NEWS” loan		
Capital loan advanced	£2.440m in 2001	£0.550m	£3.260m
Capital asset	Materials recycling facility plus associated vehicles and equipment	Wind turbines on NCC owned farms	Hethel Innovation Centre
Date of loan	28 March 2001	1 April 2014	1 October 2014
Interest rate	4.875%	4.02%	4.27%
Length of loan	23 years	20 years	35 years
Type of loan	Annuity	Annuity	Annuity
Instalments	46 equal 6 monthly	20 equal annual	70 equal 6-monthly
First re-payment due	30 September 2001	March 2015	31 March 2015
Last re-payment due	31 March 2024	March 2035	30 September 2049
Re-payments up to date?	Yes (September 2015)	Yes (March 2015)	Yes (March 2015)
Further loan facilities in capital programme	Norwich International Aviation Academy project: £6.25m approved September 2015. Loan for Capital purposes £15m approved December 2015 as part of Treasury Strategy.	£7.250m facility available for capital projects subject to business cases	

Independence Matters: No capital loans.
Great Yarmouth Development Company Ltd: £1.970m at 31 March 2014 fully re-paid 31 March 2015 through sale of houses.
Norwich Airport Limited: A loan agreement is in place with Norwich Airport Limited, in which NCC has a direct and an indirect shareholding. The loan agreement is associated with the construction of a new radar system, required as a result of the route of the Northern Distributor Road. The loan will be for approximately £1.8m. The exact amount and timing of the loan will be confirmed when the radar is constructed.

Policy and Resources Committee

Item No 10 B

Report title:	**Delivering Financial Savings 2015-16**
Date of meeting:	**08 February 2016**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**

Strategic impact

This report to Policy and Resources Committee provides an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.

Executive summary

County Council agreed savings of £36.721m as part of the 2015-16 budget setting process. This report provides details of progress in delivering these savings, concentrating on 2015-16, but also providing an overview of the later years 2016-17 and 2017-18.

The report comments on the exceptions to successful delivery, those items rated RED, and critical AMBER items.

This report will be presented to the Policy and Resources Committee at each meeting.

Members are recommended to consider and note:

a) **the forecast total shortfall of £13.431m in 2015-16, for which alternative savings need to be identified;**
b) **the budgeted value of 2015-16 savings projects rated as RED of £18.865m, of which £5.277m are now forecast to be delivered;**
c) **the forecast savings shortfall on AMBER rated projects of £0.204m; and**
d) **the forecast over-delivery of GREEN and BLUE rated projects totalling £0.361m.**

1. Savings Overview

1.1. The County Council, as part of setting its budget for 2015-16, considered proposed net 2015-16 savings of £36.094m, which included a net £0.227m of additional unallocated income compared to the total savings of £36.322m reported to Policy and Resources Committee in January. The County Council's decisions amended the proposed savings total in three ways:

	2015-16 £m
Total savings proposed to County Council (net)	-36.094
1. The deletion of Adult Services transport savings	+0.100
2. The addition of efficiency savings, held in P&R	-0.500
3. The removal of the unallocated additional funding	-0.227
Revised net total	**-36.721**

1.2. The additional efficiency saving of £0.500m for 2015-16, is being used to support the adult social care budget. Following the 20 July meeting of this committee this saving will be achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

Committee	Inflation adjustment £m
Adults	0.019
Children's Services	0.079
EDT	0.145
Communities	0.095
Policy and Resources	0.161
	0.500

1.3. The virement to reflect this has been actioned in period 6 (September 2015).

1.4. The agreed net savings of £36.721m in 2015-16 (gross saving £51.361m), include one-off items and use of reserves totalling £6.756m as set out in Annex 1. The detailed categorisation of the total savings, and the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the budget process, are also shown in Annex 1.

2. RAG Ratings

2.1. The definition of the RAG rating levels is set out in the table below.

Level	Descriptor
Red	**Significant concern** that the saving may not be delivered, or there may be a large variance in the saving (50% and above)
Amber	**Some concern** that the saving may not be delivered or there may be a variance in the saving (up to 50%)
Green	**Confident** that the saving will be delivered

Blue	Saving already **delivered**
Yellow	Alternative savings identified
Reversal	Reversal of previous year saving

2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Annex 3. The decision to rate a project as RED, will be one arrived at by the Finance community, in consultation with departments. This will ensure a common standard is maintained in the monitoring.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Annex 3 have been applied. A number of new 2015-16 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as decisions to reduce grant payments.

2.4. Nine savings projects have been rated as RED, representing a budgeted total saving of £18.865m. It is currently forecast that only £5.277m of this saving will now be delivered as set out in the following table. This represents a shortfall of £13.588m, which relates to RED rated projects.

2.5. AMBER rated projects include a forecast shortfall of £0.204m. In addition, there is a forecast over achievement of £0.285m in relation to GREEN rated projects, and £0.076m in relation to BLUE rated projects. This results in a forecast total shortfall of £13.431m, an increase in the shortfall of £1.215m when compared to the previously reported position.

2.6. Alternative plans have been identified within the Policy & Resources budgets in respect of budgeted savings totalling £1.514m, which have therefore now been classified as YELLOW. These savings are being met through use of reserves within HR and the Corporate Programme Office, shared services with Public Health and alternative savings within ICT budgets, and the planned savings will be delivered in future years. Alternative savings totalling £0.167m have been identified within EDT budgets to replace the non-deliverable saving from reduced opening hours at some recycling sites, which was previously rated as RED. The alternative saving will fully cover the shortfall.

Table 1: 2015-16 Savings by RAG Status

						Latest Forecast Savings 2015-16 (c) analysed by Committee				
RAG Status	**Budgeted Value of Savings 2015-16 (a)**	**Previous Forecast Savings 2015-16 (b)**	**Latest Forecast Savings 2015-16 (c)**	**Savings Shortfall 2015-16 (a)-(c)**		**Children's Services**	**Adults**	**EDT**	**Communities**	**Policy & Resources**
	£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Red	-18.865	-6.688	-5.277	-13.588		-2.403	-2.674	0.000	-0.200	0.000
Amber	-3.290	-3.336	-3.086	-0.204		-0.401	-0.150	-1.900	-0.235	-0.400
Green	-9.387	-9.382	-9.672	0.285		-1.157	-3.155	-1.881	-0.969	-2.510
Blue	-18.138	-18.444	-18.214	0.076		-0.895	-3.175	-1.655	-0.655	-11.834
Yellow	-1.681	-1.295	-1.681	0.000		0.000	0.000	-0.167	0.000	-1.514
Gross Savings	-51.361	-39.145	-37.930	-13.431		-4.856	-9.154	-5.603	-2.059	-16.258
Shortfall	**0.000**	**-12.216**	**-13.431**	**n/a**		**-5.502**	**-7.142**	**0.145**	**-0.155**	**-0.779**
Reversal	14.640	14.640	14.640	n/a		2.000	0.000	2.000	0.000	10.640
Total	**-36.721**	**-36.721**	**-36.721**	**n/a**		**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**

2.7. Table 2 below sets out the current categorisation of 2015-18 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £27.743m to be identified for the three years.

2.8. Details of the specific actions being taken to deliver the identified shortfall in savings are set out in section 3 of this report, where alternative options are being explored. In addition, wider actions are being taken to deliver savings and reduce the current reported overspend as follows:

- **Adult Social Services:** The department is taking recovery action to reduce in year spending as far as possible. A number of actions were initiated by the Executive Director of Adult Social Services to mitigate the 2014/15 reported overspend to March 2015. In addition to these, further actions have been identified to deal with the forecast position for 2015/16. These actions include:
    - No new under 65 placements in residential care, as default position
    - Targets for locality teams to reduce the numbers of older people in residential care by 25%
    - Prioritise the use of Norsecare block purchased beds
    - To manage our funding flows we will only fund a residential or nursing home placement in each locality when two placements have been released

- Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan
- Reinforce our practice on Personal Budgets. These should only be used to meet any unmet eligible social care need. Working on the basis of least spend to deliver the best outcomes
- Reviewing all care packages which involve two carers, to ensure that use of additional equipment or assistive technology has been considered
- Reviewing packages of care of up to 10 hours per week, to ensure that there are no informal alternatives that could be used
- Reviews of last 100 placements in residential care to make sure that decision making about access to residential care is robust
- Scrutiny of all personal budgets reviews where the service remains unchanged
- Weekly Panels to scrutinise proposed overrides of the RAS (Resource Allocation System) funding for indicative Personal Budgets for younger adults
- Urgent review of the Resource Allocation System (RAS), which sets the size of personal care budgets
- A freeze on Learning and Development spending, except for statutory training and training on the Care Act
- Appoint an Interim Head of Learning Disability, who will drive forward improvements in the Learning Disabilities services to reduce expenditure

- **Children's Services:** The department is undertaking a number of actions and reviews to reduce net spending in the current financial year and into future years, by amongst other things:
    - Continuing to work on creating a sustainable strategy for reducing the cost of transport for Children with Special Educational Needs
    - Making greater use – where appropriate – of public transport for Looked After Children and Children with Special Educational Needs
    - Reducing legal costs for Looked After Children
    - Exploring greater use of Special Guardianship Orders, when in the interests of the Children, to both reduce net expenditure and reduce the number of Looked After Children in Norfolk
    - Strengthening the Looked After Children placement panel to review operational decisions and associated costs, in particular for the most expensive placements
    - Working on the creation of a Social Work Academy and associated Workforce Development Strategy to support the existing University of East Anglia/NIPE work to facilitate recruitment and retention, reduce agency costs, thus aiding business continuity and contributing towards longer-term savings.
    - Reviewing all vacancies and maintaining a recruitment freeze with no posts to be recruited to without the Director's approval

- Optimising the use of early years funding and conditional grants
- Reviewing contracts ending within this financial year

A full list of actions and their impact is shown in the Children's Services Integrated Performance and Finance Monitoring Report (Appendix E) presented to 26 January Children's Services Committee.

- **Resources:** at the end of month 8, there is a forecast shortfall of £0.440m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group reported back to the Committee on 30th November, however agreement to implement the charging proposal was not reached and the £0.440m saving will not be made in 2015-16.

2.9. The main areas where significant shortfalls in savings have been identified are within Children's and Adults budgets. These relate principally to delays in implementing new models of service provision (savings references COM034 and COM033), and delays in the reduction in numbers of service users (savings reference CHI001), which will take time to filter through the system. Whilst it is still expected that some of these savings will ultimately be achieved, the timescale for delivery is longer than originally anticipated.

Table 2: Categorisation of Savings 2015-18

	2015-16	**2016-17**	**2017-18**	**Total**
Savings	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-4.772	-0.375	0.000	**-5.147**
Org Change - Systems	-4.613	-7.425	0.000	**-12.038**
Capital	-0.614	-0.227	0.000	**-0.841**
Terms & Conditions	-0.265	-0.997	0.000	**-1.262**
Procurement	-5.067	-0.270	-0.035	**-5.372**
Shared Services	-0.190	-0.205	0.000	**-0.395**
Income and Rates of Return	-7.308	-5.362	-2.900	**-15.570**
Assumptions under Risk Review	4.154	5.156	0.000	**9.310**
Back office subtotal	**-18.675**	**-9.705**	**-2.935**	**-31.315**
Reducing Standards, including eligibility	-2.444	-3.033	-0.800	**-6.277**
Ceasing Service	-2.171	-3.090	0.000	**-5.261**
Front line subtotal	**-4.615**	**-6.123**	**-0.800**	**-11.538**
Shortfall	-13.431	-12.212	-2.100	**-27.743**

Total	-36.721	-28.040	-5.835	-70.596

2.10. The breakdown of savings by Committee, for 2015-16 is shown in Table 3 below. The position for all three years is set out at Annex 2.

2.11. Work has been undertaken to validate the savings for 2016-17 agreed as part of the 2015-16 budget process. This has identified a number of savings which are at risk of non-delivery. Those savings which cannot be achieved will be addressed as part of the 2016-17 budget and are detailed in the Revenue Budget report elsewhere on the agenda.

2.12. A definition of savings categories is provided in Annex 4.

Table 3: Savings by Committee 2015-16

	Children's Services	**Adults**	**EDT**	**Communities**	**Policy & Resources**	**TOTAL**
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.517	-0.119	-0.261	-0.337	-2.378	**-4.613**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	**-5.067**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-1.650	0.170	-0.502	0.000	**-2.444**
4b Stop doing things	0.000	-1.874	-0.147	-0.150	0.000	**-2.171**
4c Change assumptions	-0.476	-3.156	0.000	0.000	7.786	**4.154**
Shortfall	-5.502	-7.142	0.145	-0.155	-0.779	**-13.431**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**

3. Commentary on savings rated RED

3.1. Following review, 9 savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £13.588m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. COM018 – Review Care Arranging Service – forecast shortfall **£0.140m**: This proposal predated the introduction of the Care Act which gives the council increased responsibilities for arranging care for people who fund their own care. There will in fact be additional workload responsibilities for this team and alternative means of achieving this saving are being sought within the department.

3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall **£0.200m**: A tender for the reprocurement of home care services in West Norfolk and in Yarmouth and Waveney has been awarded. The Great Yarmouth and Waveney tender was run jointly with Suffolk County Council to deliver a more integrated and efficient service. However this has resulted in a delay in the original procurement timetable. Full year savings will not be achieved in 2015-16 as the new contracts do not commence until 1 April 2016 onwards.

3.1.3. COM042 – Review of Norse Care agreement for the provision of residential – forecast shortfall **£0.500m**: Based on the current Norsecare strategic financial plan, there is a shortfall against the current Adult Social Services target, work is underway with Norsecare to reduce the gap and deliver the saving in full.

3.1.4. GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall **£0.100m**: This has been further examined in detail and it has been concluded that these savings will not be achieved. Residential providers will increase their prices if they have to provide day service. Compensating savings are being sought, in particular through a new model of care to meet the needs of people with Learning Disability.

3.1.5. COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall **£2.095m**: Current forecasts show that £0.300m of the £2.395m saving to change how we provide care for people with learning disabilities or physical disabilities will be achieved in 2015-16. The saving involves re-assessing existing service users and where appropriate providing alternative and most cost effective accommodation, or means of supporting them in their current accommodation. While the total saving will be achieved over time, this project does have a longer lead in time. Due to an overall improved financial position for the service, it has been possible to use £0.700m to mitigate the risks of achieving this saving.

3.1.6. COM033 – Reduce funding for Wellbeing Activities – forecast shortfall **£4.126m**: Estimates show that £1.874m of the £6.000m saving from reducing funding for those who receive support from a personal budget will be delivered. The time lag in implementing the change for existing service users, which was agreed following the consultation exercise, along with pressure on the reviewing capacity in the teams means it is uncertain whether the full £6.000m saving will be achieved in 2015-16. Additional reviewing capacity has been brought in to speed up this process, and the service is seeing the impact of revised practice. Positively, the service is managing increased activity whilst seeing a reduction in the overspend on purchase of care and the spending for the service has reduced compared to 2014-15. The changed practices and significant locality management focus on this issue are therefore improving the department's ability to deliver the service within the budget.

Communities

3.1.7. CMM007 – Income Generation – forecast shortfall **£0.250m**: The saving for income generation (external hire replacement, fire testing, highways clearance, grants from Europe) under the Communities Committee is highlighted as RED. It is now apparent a number of the original proposals have been overtaken by parallel schemes being pursued within the new Corporate Property Team. Current forecasts show £0.200m of the £0.450m target will be delivered. Options to deliver the balance of the saving are being explored as part of the CES Transformation Programme and through a review of external venue hire spend.

Children's

3.1.8. CHI001 – 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 – forecast shortfall **£5.737m**: The number of Looked After Children and the cost of agency placements related to placement mix is not reducing as quickly as originally planned and we are forecasting only £2.403m of the £8.140m saving will be delivered.

Policy and Resources

3.1.9. GET015 – Reducing the costs on employment **£0.440m**: The Council agreed savings of £0.440m from reducing the cost of employment. Following discussion of a proposal relating to staff car parking by this Committee on 1st September, a member working group was established to determine how this saving can be achieved. Further discussion on the saving took place on the 30th November Committee, however the saving will not be achieved in 2015-16.

4. Commentary on savings rated AMBER

4.1. Following review, two savings rated as AMBER are forecasting a shortfall of £0.204m. Commentary on these AMBER rated savings is provided below.

Children's

4.1.1. CHI017 – Review senior management and commissioning structures – forecast shortfall **£0.075m**: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

4.1.2. CHL008 – Savings in management costs in Children's Services – forecast shortfall **£0.129m**: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

5. Summary

5.1. The impact of the latest forecast means that shortfalls totalling £5.501m, £7.142m, £0.155m and £0.779m have been identified within the Children's, Adults, Communities, and P&R budgets respectively and alternative savings will be required within the relevant Committee budgets.

Officer Contact

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

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Annex 1

One-off amounts are included within the total savings set out in the Categorisation of Savings table below, as shown below.

One-off savings 2015-18

	2015-16	2016-17	2017-18
	£m	**£m**	**£m**
One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156	0.000
Use of ETD earmarked reserves	-0.500	0.500	0.000
Subtotal use of earmarked reserves	**-3.656**	**3.656**	**0.000**
One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	-0.100	0.000	0.100
County Farms funding (one-off)	-2.000	2.000	0.000
Insurance	-1.000	1.000	0.000
Subtotal one-off items	**-3.100**	**3.000**	**0.100**
Total use of reserves and one-off items	**-6.756**	**6.656**	**0.100**

Categorisation of Savings 2015-18 (Budget)

	2015-16	2016-17	2017-18	Total
Savings	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-4.976	-0.528	0.000	**-5.504**
Org Change - Systems	-10.800	-13.753	0.000	**-24.553**
Capital	-0.614	-0.727	0.000	**-1.341**
Terms & Conditions	-0.705	-1.102	0.000	**-1.807**
Procurement	-5.667	-1.020	-0.135	**-6.822**
Shared Services	-0.190	-0.205	-2.000	**-2.395**
Income and Rates of Return	-7.558	-6.046	-2.900	**-16.504**
Assumptions under Risk Review	4.230	5.156	0.000	**9.386**
Back office subtotal	**-26.280**	**-18.225**	**-5.035**	**-49.540**
Reducing Standards, including eligibility	-4.144	-6.725	-0.800	**-11.669**
Ceasing Service	-6.297	-3.090	0.000	**-9.387**
Front line subtotal	**-10.441**	**-9.815**	**-0.800**	**-21.056**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

Annex 2

Savings by Committee 2015-18

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-4.144	**-4.772**
1b Lean	-1.517	-0.119	-0.261	-0.337	-2.378	**-4.613**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.017	**-0.265**
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	**-5.067**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-1.650	0.170	-0.502	0.000	**-2.444**
4b Stop doing things	0.000	-1.874	-0.147	-0.150	0.000	**-2.171**
4c Change assumptions	-0.476	-3.156	0.000	0.000	7.786	**4.154**
Shortfall	-5.502	-7.142	0.145	-0.155	-0.779	**-13.431**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**
Savings 2016-17						
1a Organisation	0.000	0.000	0.000	-0.052	-0.323	**-0.375**
1b Lean	-5.081	0.000	-0.905	-0.515	-0.924	**-7.425**
1c Capital	-0.500	0.000	0.500	-0.227	0.000	**-0.227**
1d Terms & Conditions	-0.000	-0.090	-0.031	0.000	-0.876	**-0.997**
2a Procurement	0.000	-0.750	-0.350	0.000	0.830	**-0.270**
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	**-0.205**
3a Income and Rates of Return	0.000	0.000	-0.595	-0.105	-4.662	**-5.362**
4a Change standards	-0.400	-2.550	0.000	0.000	-0.083	**-3.033**
4b Stop doing things	0.000	-3.000	-0.090	0.000	0.000	**-3.090**
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	**5.156**
Shortfall	-5.920	-4.300	-0.280	-0.925	-0.787	**-12.212**
Total	**-11.901**	**-7.534**	**-1.756**	**-2.024**	**-4.825**	**-28.040**
Savings 2017-18						
1a Organisation	0.000	0.000	0.000	0.000	0.000	**0.000**
1b Lean	0.000	0.000	0.000	0.000	0.000	**0.000**
1c Capital	0.000	0.000	0.000	0.000	0.000	**0.000**
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	**0.000**
2a Procurement	0.000	0.000	0.000	0.000	-0.035	**-0.035**
2b Shared Services	0.000	0.000	0.000	0.000	0.000	**0.000**
3a Income and Rates of Return	0.000	0.000	0.000	0.100	-3.000	**-2.900**

4a Change standards	0.000	-0.800	0.000	0.000	0.000	**-0.800**
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	**0.000**
4c Change assumptions	0.000	0.000	0.000	0.000	0.000	**0.000**
Shortfall	0.000	0.000	0.000	0.000	2.100	**2.100**
Total	**0.000**	**-0.800**	**0.000**	**0.100**	**-5.135**	**-5.835**

Annex 3

2015-16 Savings and RAG Status Detail

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Adult Social Care Committee							
		1a Digital Transformation, BWOW. Organisation					
14	COM031	Further Savings from PCSS (Personal Community Support Service)	-0.250			-0.250	Green
		1b Digital Transformation, BWOW. Lean					
14	COM018	Review Care Arranging Service	-0.140			0.000	Red
30	COM026	Change the type of social care support that people receive to help them live at home	-0.200			0.000	Red
06	COM028	Electronic Monitoring of Home Care providers		-0.500		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the cost of business travel	-0.099	-0.090		-0.099	Green
		2a Procurement, Commissioning. Procurement					
06	COM027	Review block home care contracts	-0.100			-0.100	Green
06	COM042	Review of Norse Care agreement for the provision of residential care	-1.000	-1.500		-0.500	Red
04	GET010	Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least transport to another day service	-0.100			0.000	Red
04	GET011	Renegotiate the Norse bulk recharge	-0.106			-0.106	Green
		2b Procurement, Commissioning. Shared Services					
18	COM023	Integrated occupational therapist posts with Health	-0.100			-0.100	Green
18	COM024	Assistant grade posts working across both health and social care	-0.050			-0.050	Green
		3a Income generation, Trading. Sweat the assets					
20	COM019	Trading Assessment and Care Management support for people who fund their own care		-0.050		0.000	NA
08	COM025	Decommission offices, consolidate business support	-0.150			-0.150	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4a Demand Management. Change Standards					
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities. Now being reported including ASC002	-2.000	-3.000		-0.300	Red
35	COM038	Scale back housing-related services and focus on the most vulnerable people	-1.200			-1.200	Green
36	COM040	Reduce the number of Adult Care service users we provide transport for	-0.150	-0.150		-0.150	Amber
		4b Demand Management. Stop Doing Things					
31	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-6.000	-3.000		-1.874	Red
		Sub-total Savings from 2014-17 Budget Round	**-11.645**	**-8.290**	**0.000**	**-4.879**	
		1b Digital Transformation, BWOW. Lean					
1a	ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100			-0.100	Green
3c	ASC002	Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies. Now being reported with COM034	-0.395	-1.500		0.000	Red
NA	P&R045	Inflation claw back across Committees	0.000			-0.019	Blue
		2a Procurement, Commissioning. Procurement					
1b	ASC004	Norse care rebate. The proposal is for the rebate to be allocated to the Adult Social Care revenue budget on an ongoing basis, rather than to the Adult Social Care Residential Care Reserve as previously.	-1.000			-1.000	Green
		4a Demand Management. Change Standards					
5a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council		-0.900	-0.800	0.000	NA
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
NA	ASC005	One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156		-3.156	Blue
		Sub-total new savings	**-4.651**	**0.756**	**-0.800**	**-4.275**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-7.142	
		Total Savings	**-16.296**	**-7.534**	**-0.800**	**-16.296**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Children's Committee							
		1a Digital Transformation, BWOW. Organisation					
08, 3a	CHI017, CHL001	Review senior management and commissioning structures	-0.180	0.000		-0.105	Amber
		1b Digital Transformation, BWOW. Lean					
21	CHI001-004	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	-8.140	-8.484		-2.403	Red
21	CHI001-004b	Children's Services Review - use of one off reserves to delay savings to 2015-16	2.000			2.000	Blue
		1c Digital Transformation, BWOW. Capital					
26	CHI012	Reduce the cost of transport for children with Special Educational Needs		-1.000		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the costs of business travel	-0.115	-0.105		-0.115	Amber
		4a Demand Management. Change Standards					
22	CHI005	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill		-1.912		0.000	NA
24	CHI010	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	-0.215			-0.215	Green
28	CHI014	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		0.000	NA
29	CHI015	Reduce funding for school crossing patrols	-0.150	-0.150		-0.150	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4c Demand Management. Change Assumptions					
12, NA	CHI018, CHL003	Reduced retirement costs for teachers	-0.400	0.000		-0.476	Blue
		Sub-total Savings from 2014-17 Budget Round	**-7.200**	**-11.901**	**0.000**	**-1.857**	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.181	Amber
		1b Digital Transformation, BWOW. Lean					
3e	CHL004	Continued use of public transport within Looked After Children service	-0.190			-0.190	Blue
3e	CHL006	Reducing legal costs for Looked After Children	-0.430			-0.715	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.079	Blue
		4a Demand Management. Change Standards					
4b	CHL005	Reduce subsidy for community use of school premises	-0.097			-0.097	Green
		Sub-total newly identified Savings	**-1.157**	**0.000**	**0.000**	**-1.302**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.502	
		Total Savings	**-8.357**	**-11.901**	**0.000**	**-8.357**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Communities Committee							
		1a Digital Transformation, Better Ways Of Working: Organisation					
08	RES79	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.009	-0.042		-0.009	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
NA		Reduced cost of ICT refresh		-0.100		0.000	NA
15	RES82	Efficiency savings arising from utilising public health skills and resources to remove duplication		-1.275		0.000	NA
		1c Digital Transformation, Better Ways Of Working: Capital					
55	FR001	Purchase different, cost effective fire vehicles for some stations	-0.074	-0.227		-0.074	Green
		2b Procurement, Commissioning. Shared Services					
16	ETD09	Enhanced multi-agency working on emergency planning	-0.040			-0.040	Amber
20	ETD24	Changes to the delivery of road safety education and evaluation to make greater use of community resources		-0.200		0.000	NA
		3a Income generation, Trading. Sweat the assets					
20	COM08	Museums - Gift Aid and Cultural Exemptions	-0.354			-0.354	Green
20	COM15	Norfolk Record Office - Increased income generation	-0.020	-0.010		-0.020	Green
48	ETD02	Charge for advice to business from our Trading Standards Service		-0.020		0.000	NA
20	RES39	Increase charges for Registration Services	-0.050	-0.050		-0.050	Green
58	RES42	Move the historical registration records to the Norfolk Record Office	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
47	ETD01	Scale back Trading Standards advice to focus on the things we have to do by law	-0.250			-0.250	Blue
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Sub-total Savings from 2014-17 Budget Round	**-0.847**	**-1.924**	**0.000**	**-0.847**	
		1a Digital Transformation, Better Ways Of Working: Organisation					
2a, 2b, 2d	CMM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.078	-0.010		-0.078	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
1c	CMM009	Reduction in Library Management System costs	-0.012			-0.012	Green
3b	P&R011	Review mail operations	-0.060	-0.065		-0.060	Green
3d	P&R010	Reduced consultation budget	-0.020			-0.020	Blue
NA	CMM012	Customer Services additional savings	-0.100			-0.100	Green
NA	CMM011	Library vacancy management additional savings	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.095	Blue
		2a Procurement, Commissioning. Procurement					
1a	CMM010	Fire & Rescue Service savings generated through Priority Based Budgeting exercise - focussed on procurement efficiencies and asset management	-0.095			-0.095	Amber
		3a Income generation, Trading. Sweat the assets					
2c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or it's history	-0.100		0.100	-0.100	Amber
1d	CMM007	Income generation (External hire replacement, fire testing, highways clearance, grants from Europe)	-0.450			-0.200	Red
2a	P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025		0.000	NA
		4a Demand Management. Change Standards					
3g	CMM001	Library staff reductions	-0.080			-0.080	Green
3b	CMM003	Service reviews, management savings in Customer Services	-0.090			-0.090	Blue
3e	CMM005	Reduced spend on ICT and conservation materials for Record Office	-0.032			-0.032	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
1b	CMM008	Reduce Healthwatch budget	-0.050			-0.050	Blue
		4b Demand Management. Stop Doing Things					
4a	CMM006	Arts - reduction of arts services and grants	-0.150			-0.150	Blue
		Sub-total new savings	**-1.367**	**-0.100**	**0.100**	**-1.212**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.155	
		Total savings	**-2.214**	**-2.024**	**0.100**	**-2.214**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Environment Development and Transport Committee							
		1b Digital Transformation, BWOW. Lean					
02	ETD15	Replacement of BusNet system with SMART ticket machines	-0.100			-0.100	Blue
02	ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys		-0.135		0.000	NA
59	GET07	Cut the cost of providing school transport (Allocate more children to public transport contracts)	-0.020	-0.020		-0.020	Green
NA	ETD33	Improving processes and working arrangements in ETD	1.000			1.000	Reversal
		1c Digital Transformation, BWOW. Capital					
59	GET08	Cut the cost of providing school transport (Incentivise entitled pupils to opt out)	-0.040			-0.040	Green
		1d Digital Transformation, BWOW. T&Cs					
04	GET16	Reducing the costs of business travel	-0.034	-0.031		-0.034	Green
		2a Procurement, Commissioning. Procurement					
17	ETD18	Renegotiate concessionary travel schemes with bus operators	-0.350	-0.350		-0.350	Blue
04	ETD23	Reduction in the number of hired highway vehicles	-0.150			-0.150	Blue
		2b Procurement, Commissioning. Shared Services					
16	ETD08	Collaboration with peer authorities for delivery of specialist minerals and waste services		-0.005		0.000	NA
		3a Income generation, Trading. Sweat the assets					
49	ETD04	Charge people for the advice they receive from us prior to submitting a planning application	-0.010			-0.010	Green
52	ETD07	Charge for site inspection reports for operators of mineral and waste sites	-0.005			-0.005	Green
20	ETD10	Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term.	-0.041	-0.072		-0.041	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
20	ETD11	Attract and generate new income for Historic Environment Services with a view to service becoming cost neutral in the long term.	-0.026	-0.046		-0.026	Green
20	ETD12	Full cost recovery for staff in Smart ticketing project	-0.250			-0.250	Green
20	ETD13	Full cost recovery for delivery of travel plans with developers	-0.050	-0.052		-0.050	Green
49	ETD14	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.125	-0.150		-0.125	Amber
20	ETD17	Reduce NCC subsidy for park and ride service by ongoing commercialisation.	-0.075	-0.075		-0.075	Amber
20	ETD25	Increased income from delivery of specialist highway services to third parties	-0.050	-0.100		-0.050	Amber
20	ETD28	Generation of external funding and grant programme management efficiencies		-0.100		0.000	NA
		4a Demand Management. Change Standards					
51	ETD06	Scale back planning enforcement	-0.037			-0.037	Green
53	ETD19	Reduce our subsidy for the Coasthopper bus service	-0.075			-0.075	Green
16	WAS06	Harmonisation of statutory recycling credit payments	-0.166			-0.166	Green
62	WAS09	Charge at some recycling centres		-0.280		0.000	NA
63	WAS10	Reduce opening hours at some recycling centres	-0.167			-0.167	Yellow
54	ETD35	Reduce highway maintenance for one year	1.000			1.000	Reversal
		4b Demand Management. Stop Doing Things					
08	ETD27	Review budget allocations for economic development projects	-0.147	-0.090		-0.147	Green
		Sub-total Savings from 2014-17 Budget Round	**0.082**	**-1.506**	**0.000**	**0.082**	
		1a Digital Transformation, BWOW. Organisation					
NA	EDT001	Management of Vacancies	-0.005			-0.005	Green
		1b Digital Transformation, BWOW. Lean					
3a	EDT002	Review of on call arrangements with Norfolk Fire and Rescue Service	-0.005			-0.005	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
3a	EDT003	Reduce training budget	-0.025			-0.025	Blue
3b	EDT004	Reviewing all of our back office budget and systems to identify savings, e.g. process reviews, without reducing our services	-0.566			-0.566	Amber
3e	EDT005	Introduce LED street lighting	-0.250	-0.750		-0.250	Amber
NA	EDT014	Additional savings Business support	-0.100			-0.100	Green
NA	EDT015	Additional savings LED Street lighting	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.145	Blue
		1c Digital Transformation, BWOW. Capital					
3f	EDT007	Use of reserves	-0.500	0.500		-0.500	Blue
		2a Procurement, Commissioning. Procurement					
1a	EDT008	Retendering of waste disposal contracts	-0.834			-0.834	Amber
1a	EDT009	Re-tendering of transport contracts	-0.370			-0.370	Green
1a	EDT012	Savings from new recycling contract	-0.200			-0.200	Green
		3a Income generation, Trading. Sweat the assets					
2a	EDT010	Highways Income	-0.200			-0.200	Green
3f	EDT011	Norfolk Energy Futures return on Investment	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
NA	EDT013	Reduce highways maintenance	-0.385			-0.385	Blue
		Sub-total newly identified Savings	**-3.540**	**-0.250**	**0.000**	**-3.685**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	0.000	
		Total Savings	**-3.458**	**-1.756**	**0.000**	**-3.603**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Policy and Resources Committee							
		1a Digital Transformation, BWOW. Organisation					
NA		Reduction in redundancy	-2.500			-2.500	Blue
01, 3a	RES10, P&R003	Restructure staff management in Procurement	-0.050	0.000		-0.050	Blue
08	RES62	Reduce staff in the Corporate Programme Office	-0.100			-0.100	Yellow
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Yellow
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.296	Yellow
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Green
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Green
08	RES63	Reduce spend on properties with third parties	-0.200	-0.100		-0.200	Green
08	RES63	Property saving not delivered (2014-15) £0.150m of £0.300m	0.150			0.150	Reversal
09	RES65	Reduce staff supporting organisational development and learning and development	-0.039			-0.039	Blue
10	RES81	Reduce printed marketing materials		-0.054		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET15	Reducing the costs of employment	-0.440	-0.860		0.000	Red
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Blue
		2a Procurement, Commissioning. Procurement					
02	RES02	One-off ICT saving	0.010			0.010	Reversal

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green
08	RES67	Office moves for some HR teams	-0.015			-0.015	Green
NA		County Hall refurbishment savings	-0.279	-0.751		-0.279	Green
NA		Cross cutting savings	0.194			0.194	Reversal
NA		Reduced cost of borrowing	-0.103	-0.825		-0.103	Blue
NA		New Homes Bonus	-0.910	-1.529		-0.910	Blue
NA		Use of second homes money	-1.200	0.000		-1.200	Blue
		4a Demand Management. Change Standards					
01	RES11	Continued efficiencies in tendering and contract management in Procurement		-0.083		0.000	NA
		4c Demand Management. Change Assumptions					
07	RES57	One-off use of the Communication development reserve	0.122			0.122	Reversal
NA		Use of organisational change reserves (one-off)	3.000			3.000	Reversal
NA		Use of organisational changes reserve (one-off)	1.000			1.000	Reversal
NA		Use of Modern Reward Strategy reserve (one-off)	0.547			0.547	Reversal
NA		Use of Icelandic Bank Reserve (one-off)	1.453			1.453	Reversal
NA		Interest receivable/payable - change to risk appetite (one-off)	4.164			4.164	Reversal
		Sub-total Savings from 2014-17 Budget Round	**3.777**	**-4.710**	**0.000**	**4.403**	
		1a Digital Transformation, BWOW. Organisation					
3a	P&R002	Service review Communications	-0.060			-0.060	Green
3b	P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100		0.000	NA
3b	P&R005	Automate more information and performance reports		-0.050		0.000	NA
3a	P&R006	Further savings for review of shared services organisation	-0.100			-0.100	Yellow

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
3a	P&R007	Reduce management hierarchies in Finance	-0.100			-0.100	Blue
3b	P&R008	Staff savings from new committee management system	-0.020			-0.020	Green
NA	P&R043	Additional Resources saving	-0.500			-0.500	Yellow
		1b Digital Transformation, BWOW. Lean					
1c	EDT006	Centralise control of software licences	-0.250			-0.250	Yellow
1c	P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050			-0.050	Yellow
3d	P&R013	Reduce the Chairman's budget	-0.030			-0.030	Blue
3b	P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030	-0.030		-0.030	Green
3f	P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100			-0.100	Green
3b	P&R016	Switch off colour printing for shared services staff	-0.020			-0.020	Yellow
3b	P&R017	Further reductions in printing spend	-0.090			-0.090	Yellow
1c	P&R018	Org Change: Reduced ICT spend through single device convergence		-0.625		0.000	NA
1d	P&R019	Reduce expenditure on external venues	-0.100			-0.100	Amber
3a	P&R020	Reduce number of interims and temps	-0.090			-0.090	Yellow
NA	P&R042	Local Welfare Assistance Scheme saving	-0.725			-0.725	Blue
NA	P&R039	Share of £1.7m additional savings 2015-16 (Resources)	-0.320			-0.320	Blue
NA	P&R037	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085			-0.085	Blue
		Efficiency savings (Finance General) to be redistributed	-0.500			-0.161	Blue
		2a Procurement, Commissioning. Procurement					
1c	P&R021	Pay per use ERP			-0.100	0.000	NA
1c	P&R022	New Multi Functional Devices contract 2016		-0.070		0.000	NA

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1c	P&R023	Optimise car leasing and reduced mileage	-0.300			-0.300	Amber
1c	P&R024	Rationalise applications and centralise all applications spend		-0.100		0.000	NA
1a	P&R025	Corporate Banking project - move to Barclays			-0.035	0.000	NA
NA	P&R038	External Audit Saving	-0.012			-0.012	Blue
NA	P&R041	Insurance (one-off)	-1.000	1.000		-1.000	Blue
3a	P&R001	Rationalise procurement functions across the organisation	-0.060			-0.060	Green
		2b Procurement, Commissioning. Shared Services					
3c	P&R026	Org change: Collaborative working with others (shared services)			-2.000	0.000	NA
		3a Income generation, Trading. Sweat the assets					
3f	P&R033	Interest rate increases	-0.787	-0.990		-0.787	Blue
3f	P&R034	Section 31 Compensation for business rates initiatives	-1.194			-1.194	Blue
1d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000	-1.000	Green
2a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050		0.000	NA
2a	P&R029	Increased income from advertising	-0.050			-0.050	Green
2a	P&R030	Corporate approach to sponsorship & advertising		-0.100		0.000	NA
1b	P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100			-0.100	Blue
		4c Demand Management. Change Assumptions					
NA	P&R044	County Farms funding (one-off)	-2.000	2.000		-2.000	Blue
		County Farms funding (recurring)	-0.500			-0.500	Blue
		Sub-total newly identified Savings	**-10.173**	**-0.115**	**-5.135**	**-9.744**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.779	
		Total Savings	**-6.396**	**-4.825**	**-5.135**	**-6.396**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Grand Total Savings	**-36.721**	**-28.040**	**-5.835**	**-36.721**	

Definition of Savings Categories

1a	Org Change - Staffing	Savings achieved through the restructuring of staff. E.g. a management restructure.
1b	Org Change - Systems	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.
1c	Capital	Savings achieved through better use of the assets we have at our disposal. E.g. use of more cost effective fire vehicles.
1d	Terms & Conditions	Savings achieved through review of staff terms & conditions.
2a	Procurement	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Shared Services	Savings achieved through sharing services with other organisations
3a	Income and Rates of Return	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Reducing Standards, including eligibility	Savings which result in a reduced service for customers.
4b	Cease Service	Savings from the ceasing of a service.
4c	Assumptions under Risk Review	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Glossary and terminology

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage.
This is a quick guide to some of the more important terms that we use in Norfolk County Council.

CIPFA	Charted Institute of Public Finance & Accountancy. The organisation sets out best practice for financial accounting in public bodies, including the categorisation of *income & expenditure*.

Cost centres & subjective analysis	All expenditure and income is allocated both a cost centre code and a subjective code. *Cost Centre*: A cost centre is an area of the budget to which income and expenditure can be attributed, and generally relates to a service area. *Subjective code*: Subjective codes describe types of spend, and are common across the authority. For example when Aylsham Library buys paper for its photocopier, it is recorded in the accounting system first by the library's unique *cost centr*e - LL4800, then by *subjective code* 46500 - 'Printing, stationery and photocopying'.
Council Tax	Council Tax is a key source of locally raised income for the County Council. It 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. For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.
Earmarked reserves	Earmarked reserves are money held by the Council in reserve for specified reasons. Some reserves can only be used for specific purposes, usually following the receipt of conditional grants which have to be re-paid if not spent for the intended purpose. However, this does not apply to the majority of the council's earmarked reserves.
Finance General	The area of the budget that is not directly attributable to a specific department; covering such expenditure as pension fund losses, capital financing costs, and audit fees. It also includes income such as general government grants, business rates income, and interest from investments.
Financial Years	The Council's financial year runs from April to March. Prior to the start of each financial year, the Council produces a balanced budget as part of a three year medium term financial strategy. During the year, monthly monitoring reports showing forecast outcomes for each service are presented to the Council's Policy and Resources Committee. At the end of the financial year, closing accounting adjustments are made, and Statutory financial statements are produced, audited, and published in September.
General balances	The general balance is money held in reserve by the Council that is not allocated to any specific purpose, i.e. is not part of *earmarked reserves*. The minimum level of general reserves required by the authority to meet unforeseen contingencies is calculated each year, and the balance set aside accordingly.
Medium Term Financial Strategy (MTFS)	The Medium Term Financial Strategy covers three years 2015-18 and brings together all of the elements that are considered as part of the robust planning process. The latest MTFS was presented to County Council in February 2015, and included revenue and capital budgets and estimates covering three financial years.

Monitoring and forecasting

The Council's finance systems work on monthly cycles. At the end of each month, responsible budget officers throughout the authority are asked to monitor their budgets and provide a forecast showing whether they are likely to over or under-spend against their budget during the year as a whole.
The sum of this information is then considered by senior management, and the resulting net position for each service is summarised in this report.

National non-domestic rates (NNDR)

The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government.
Since April 2013, Councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.
The business rates retention scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates.

Net & gross

The cumulative total of all planned *revenue* spending for a year is known as the *gross expenditure*. NCC's income comes from a variety of sources - central government grants, customer receipts, locally retained Business Rates (also referred to as National Non Domestic Rates or NNDR). The difference between the income from these sources and the *gross expenditure* is known as *net expenditure*, and is the amount NCC needs to collect in Council Tax each year.

Provisions

A provision is an amount which the authority is likely to have to pay out, but is of uncertain timing and/or amount. The Council's largest provisions relate to insurance and closed land-fill sites. In both cases historic and current data are used to calculate the appropriate provision carried forward each year.

Revenue & capital

Capital and revenue income and expenditure in local government are clearly defined and must be recorded separately. Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as *revenue* expenditure.

One-off spending which results in a new asset, or which improves an asset, is classed as *capital* expenditure. Capital grants may only be spent on capital expenditure. Also, income generated by the sale of any assets is classed as a capital receipt, and if not used to re-pay debt may only be spent for capital purposes. A more extensive definition is given in the separate capital monitoring report

Income from, for example, the sale of services, revenue grants and business rates is classed as *revenue* income and may be spent for revenue or capital purposes.

Policy and Resources Committee

Item No.11

Report title:	**Notifications of Exemptions Under Contract Standing Orders**
Date of meeting:	**8 February 2016**
Responsible Chief Officer:	**Anne Gibson, Executive Director of Resources**

Brief outline of the paper:

Under the Council's Contract Standing Orders, paragraph 9.11, the Head of Procurement and the Head of Law have the authority to approve the letting of a contract without competition or the negotiation of a contract with one or more suppliers without prior advertisement, subject to the relevant law. Exemptions resulting in the letting of contracts valued at more than £100,000 must be made in consultation with the Chairman of Policy and Resources Committee

Under paragraph 9.12 an exemption under 9.11 outlined above, relating to the award of a contract valued in excess of £250,000 is to be notified to the Policy and Resources Committee.

The report sets out the exemptions that have been made under paragraph 9.11 of Contract Standing Orders and that are over £250,000 and therefore need to be notified to the Policy and Resources Committee since 1st October 2015

Key decisions/recommendations that Committee need to make:

Recommendations:

1) As required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee are to note the exemptions that have been granted under paragraph 9.11 of Contract Standing Orders by the Head of Procurement and Head of Law in consultation with the Chairman of Policy and Resources Committee that are over £250,000.
2) That a report notifying Policy and Resources Committee of relevant exemptions under 9.12 of the Council's Contract Standing Orders is submitted every 3 months.

Supplier	Value	Short Description of Contract and Reason for Extension	Date seen by the Leader
SCOPE	£399,000 – 1 year 1 April 2016 to 31 March 2017 (343-15)	Play and leisure short breaks provision for disabled children. Extension granted to provide service continuity whilst the service is redesigned to provide a more personalised approach to delivering specialist short breaks.	20 November 2015.
Empanda CIC	£373,625 – 1 April 2015 to 31 December 2017 (360-15)	Housing support for Young People services in North Norfolk. Previous provider of this contract withdrew from the market. The contract for 21 months was awarded to a newly established Community Interest Company (CIC) which has been set up by the senior staff team currently delivering the service. Reasons for the extension were to ensure consistency, value for money, market development and stability of the services. A 21 month contract was unlikely to be attractive to the open market.	26 November 2015.
Mears Care Ltd	£378,687 – 2 November 2015 to indefinite until the last service user leaves (368-15)	Pre-placement agreement for home care. The exemption was for the extension of two existing home care block contracts (for existing clients only) to minimise disruption to service users and staff. The original provider who was unable to mobilise, and 5 days before transition the contract award was withdrawn. There was therefore an urgent need to cover the requirement.	9 December 2015.

Supplier	Value	Short Description of Contract and Reason for Extension	Date seen by the Leader
Breedon Aggregates Ltd	£280,000 – 1 November 2015 to 1 May 2016 (376-15).	Highway asphalt materials**.** Previously this was provided under an Eastern Shires Purchasing Organisation (ESPO) contract. ESPO are currently letting a new contract and NCC will utilise this contract when it is ready. Utilising an ESPO contract allows NCC to benefit from an efficient procurement route and economies of scale. The need for asphalt materials continues in order to maintain Highway Works service provision.	9 December 2015.
Enterprise Private Hire Limited	£279,680 – 1 December 2015 to 31 July 2022 (385-15).	**Home to School Transport**. 2 children with special educational needs requiring home to school to home transport. Statutory requirement.	20 November 2015.
Solo Housing (East Anglia)	£272,878 - 4 April 2016 to 31 October 2017 (392-15).	**Vulnerable people support.** Following an unsuccessful Tender process owing to insufficient appropriate competition, it is still vital to continue the service. The service is to provide low-medium level housing related support to individuals who are single homeless in South Norfolk.	6 January 2016.

Officer Contact

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

Officer Name:	Tel No:	Email address:
Trevor Dye	01603 222723	Trevor.dye@norfolk.gov.uk

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Policy and Resources Committee

Item No 12

Report title:	**Decisions taken under Delegated Authority**
Date of meeting:	**8 February 2016**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**
Strategic impact It is important that there is transparency in decision making processes to enable Members and the public to hold the Council to account.	

Executive summary

This report sets out decisions taken in relation to property matters by officers under the "hierarchy of decision making" between 28 August 2015 and 7 January 2016 and other relevant decisions taken under delegated powers by the Managing Director and Executive Directors within the Terms of Reference of this Committee since your last meeting held on 30 November 2015.

Recommendations: To note the report.

1. Proposal

1.1 This report sets out "for information" decisions taken by Officers in relation to property matters under the "hierarchy of decision making" between 21 August 2015 and 7 January 2016. Reports will be made to each of your future meetings setting out such decisions. Officers will be arranging for Members to be able to access additional information associated with these decisions so they can scrutinise them further if they so wish.

1.2 The report also sets out in 2.2 (below) any other delegated decisions within the Terms of Reference of this Committee that are reported by Directors as being of public interest, financially material or contentious. Future delegated decisions will be reported to this Committee for information.

2. Evidence

2.1 Property Decisions are set out in Appendix A to this report.

2.2 One relevant delegated decision is set out below.

Re-procurement of the Voice and Data Contract

Decision of the Executive Director of Resources, Anne Gibson, taken on 10 December 2015.

To award a framework agreement and associated principal call-off contract to Update Infrastructure UK Limited for the provision of voice and data services. The member ICT working group was consulted and received a written report from the Head of Procurement.

Contact: Anne Gibson, Tel 01603 222609.
Email Anne.gibson@norfolk.gov.uk

3. Financial Implications

There are no direct financial implications flowing directly from members noting this report. However the delegated decisions themselves often have significant financial implications (in particular in this report capital receipts from the sale of land/property or the signing of significant contracts such as the Voice and Data contract).

4. Issues, risks and innovation

4.1 There are no other relevant implications to be considered by members.

Background Papers – There are no background papers relevant to the preparation of this report.

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
Chris Walton	01603 222620	chris.walton@norfolk.gov.uk

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Property Decisions taken under Delegated Powers **Appendix A**

Property	**Decision Made**	**Date of Decision**
Dersingham Fire Station	Licence grant to East of England Ambulance Service. Fee inclusive of service costs, with 3 yearly reviews	21/08/2015
Winfarthing Primary	Lease renewal for a term of 20 years to provide school playing field. Rent subject to 5 yearly reviews to rpi or 10% (whichever is greater). With mutual break clause. Lease will terminate if school becomes an academy	30/08/2015
East Rudham former highway land	Sale of land to adjoining owner	30/08/2015
Scarning Primary School	20 year sub-lease of part of NCC's demise to playgroup	30/08/2015
Martham Fairview	Sale for capital receipt	01/09/2015
Sewell Park Academy	125 year lease to Academy Trust	01/09/2015
Marshland St James Primary playing field	125 year lease to Academy Trust	01/09/2015
Frettenham Primary School	Lease of school house for pre-school	04/09/2015
Carrow Fire Station	Licence to East of England Ambulance Service NHS Trust for 3% of space. Rent includes service charge with review after 6 months.	04/09/2015
Wensum Lodge sports hall	20 year lease to WSC Charitable Association	09/09/2015
Sparhawk playing field	Termination of existing lease and entering into a new lease for reduced area of land to parish council for pedestrian access	15/09/2015
Costessey Academy, Norwich, Middleton Crescent, caretaker's bungalow	125 year lease to academy, with 3 month break clause at either party's option, when the property becomes vacant.	16/09/2015
Scole, land at Old Bridge	To transfer Lot 1 to the Parish Council at nil consideration	26/09/2015

Lingwood Primary School	125 year lease to Academy Trust	25/09/2015
Open Venue, Bank Plain	Dilapidations agreement	30/09/2015
Horning Primary School	Acquisition of field for parking & playing field	06/10/2015
Dereham, St Nicholas Junior School	125 year lease to Academy Trust	20/10/2015
Phoenix swimming pool	Transfer or property to Great Yarmouth Borough Council	20/10/2015
P&Rs & Norwich Bus Station	Lease to Konectbus in conjunction with contract	20/10/2015
Postwick Park and Ride	lease of land for electricity sub-station	19/10/2015
Sculthorpe Primary School	Sale of amenity land	02/11/2015
Toft Monks estate - Haddiscoe Hall Rd Barn	Sale of barn	09/11/2015
Binham Old Westgate Farm Barn	Sale of barn	09/11/2015
Acle Windle farm	Sale of barn with benefit of planning permission for residential conversion	09/11/2015
Rose Farm barn, Potter Heigham	Sale of barn with benefit of planning permission for residential conversion	10/11/2015
Brundall Low Farm Barns	Sale of barns	10/11/2015
Hilgay, land west of Church Road	Sale of land for development to 3 residential plots	10/11/2015
North Elmham Kings Head Farm barns	Sale of barns for development to residential	10/11/2015
Friars Business Centre, Kings Lynn	Lease acquisition for Unit	19/11/2015
Land & Track at Cobholm	Licence to neighbour for track widening & improvement	25/11/2015
Mautby Lacons Corner land	Direct sale to adjoining landowners	04/01/2016
Catfield	Accept overage clause termination and payment	06/01/2016
Hilgay Ten Mile Bank Primary School	125 year lease to Academy Trust	06/01/2016
Norwich Airport P&R	Lease to Perenco	07/01/2016
Belton former caretaker's bungalow	Lease to NSFT (NHS)	07/01/2016