

# Cabinet

Date: **20 May 2019**  
Time: **10 am**  
Venue: **Edwards Room, County Hall, Norwich**

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

## Membership:

Mr A Proctor	–	Leader (Chairman) and Cabinet Member for Strategy and Governance
Mr G Plant	–	Deputy Leader (Vice-Chairman) and Cabinet Member for Growing the Economy
Mr B Borrett	–	Cabinet Member for Adult Social Care, Public Health & Prevention
Mrs M Dewsbury	–	Cabinet Member for Communities & Partnerships
Mr J Fisher	–	Cabinet Member for Children's Services
Mr T FitzPatrick	–	Cabinet Member for Innovation, Transformation & Performance
Mr A Grant	–	Cabinet Member for Environment & Waste
Mr A Jamieson	–	Cabinet Member for Finance
Mr G Peck	–	Cabinet Member for Commercial Services & Asset Management
Mr M Wilby	–	Cabinet Member for Highways, Infrastructure & Transport

## WEBCASTING

This meeting will be filmed and streamed live via YouTube on the NCC Democratic Services channel. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be available to view via the Norfolk County Council CMIS website. A copy of it will also be retained in accordance with the Council's data retention policy. Members of the public may also film or record this meeting. If you do not wish to have your image captured, you should sit in the public gallery area. If you have any queries regarding webcasting of meetings, please contact the Committee Team on 01603 228913 or email [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)

## A g e n d a

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

**2 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, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
  - Exercising functions of a public nature.
  - Directed to charitable purposes; or
  - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

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

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

**4 Public Question Time**

Fifteen minutes for questions from members of the public of which due notice has been given. Please note that all questions must be received by the Committee Team ([committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)) by 5pm on **Wednesday 15 May 2019**. For guidance on submitting a public question, view the Constitution at <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions/ask-a-question-to-a-committee>

## **5 Local Member Issues/Questions**

Fifteen minutes for local member 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](mailto:committees@norfolk.gov.uk)) by **5pm on Wednesday 15 May 2019**.

- |           |   |                |
|-----------|---|----------------|
| <b>6</b>  | <b>Winning Bid for Transforming Cities</b><br>Report by the Executive Director of Community & Environmental Services.   | Page <b>4</b>  |
| <b>7</b>  | <b>Finance Monitoring Outturn report 2018-19</b><br>Report by the Executive Director of Finance & Commercial Services   | Page <b>9</b>  |
| <b>8</b>  | <b>Delivering Financial Savings 2018-19 – Outturn</b><br>Report by the Executive Director of Finance & Commercial Services  | Page <b>39</b> |
| <b>9</b>  | <b>Strategic and Financial Planning – Business Planning and Budget 2020-21</b><br>Report by the Executive Director of Finance & Commercial Services and Executive Director of Strategy & Governance | Page <b>56</b> |
| <b>10</b> | <b>Human Resources and Finance System Transformation Project</b><br>Report by the Executive Director of Finance & Commercial Services and Executive Director of Strategy & Governance               | Page <b>69</b> |
| <b>11</b> | <b>Police and Crime Commissioner request for membership of the Fire and Rescue Authority</b><br>Report by the Executive Director of Community & Environmental Services.                             | Page <b>86</b> |
| <b>12</b> | <b>Appointments to Internal and External Bodies and Working Groups</b><br>Report by the Executive Director of Strategy & Governance   | Page <b>90</b> |

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# Report to Cabinet

Item No. 6

<b>Report title:</b>	<b>Winning Bid for Transforming Cities</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Martin Wilby – Cabinet Member for Highways, Infrastructure and Transport</b>
<b>Responsible Director:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Is this a key decision?</b>	<b>Yes</b>

## **Introduction from Cabinet Member**

We have an excellent track record of securing additional funding to deliver transport improvements in Norfolk. The Transforming Cities Fund (TCF) provides the opportunity to deliver a high quality integrated transport network for the Greater Norwich area, with six schemes well developed and bids for further schemes being worked up.

The local authorities in the Greater Norwich area have successfully worked together. This includes working together as part of the Greater Norwich Growth Board, and the Transport for Norwich Programme.

I think it is important to continue to work together to help us deliver the best possible outcomes for local communities. The successful TCF bid set out a vision for a new, high quality public transport network for Greater Norwich. This will be designed to strengthen the position of Norwich as our regional capital and to enable people to get to their destinations with reduced congestion and more reliable journeys. The establishment of a Joint Committee for the delivery of projects funded through the TCF will enable us to continue to work together to do this.

## **Executive Summary**

We have been successful in achieving an initial £6.1m allocation from the Government's Transforming Cities Fund (TCF) to deliver transport schemes in the Greater Norwich Area. This allocation will deliver the following schemes:

- Prince of Wales Road / London Street / Bank Plain (£2.3m)
- Wymondham to Hethersett Cycle Route (£1m)
- Green Pedalway - St Williams Way (£0.8m)
- Cycle share scheme (£0.7m)
- Norwich Bus Station Improvements (£0.8m)
- Pedestrian crossings of A roads (£0.5m)

A business case to bid for a further allocation is being developed.

There is a need to ensure appropriate governance arrangements for the programme of schemes funded through the TCF and delivered as part of the Transport for Norwich Programme.

## **Recommendations**

- 1. Establish with our three partner authorities and the New Anglia Local Enterprise**

**Partnership (LEP), a Joint Committee for the programme of schemes funded through the Transforming Cities Fund, as set out in Appendix A, and to make associated additions to Item 17 Appendix A of the County Council's Constitution.**

- 2. Nominate and agree the four County Council members of the Joint Committee.**
- 3. Agree to review these new Joint Committee arrangements after 6 months to ensure that they are fit for purpose.**

## **1. Background and Purpose**

- 1.1. The Greater Norwich area is one of 12 UK city areas eligible to bid for a share of £1.2bn capital funding through the Government's Transforming Cities Fund (TCF), for the period up to 2023.
- 1.2. The County Council (in partnership with Norwich City Council, Broadland District Council and South Norfolk District Council) has already been successful in achieving an initial allocation of £6.1m from Tranche 1 of the fund for the delivery of six transport schemes in 2019/20. Work is underway to develop a business case to secure further funding in Tranche 2.
- 1.3. The County Council is the lead authority in terms of bidding for funds from the TCF and delivery of associated schemes. Many of the schemes being progressed will cross multiple local authority boundaries and there is a need to demonstrate local support as part of the bidding process.

## **2. Proposals**

- 2.1. It is proposed to establish a Joint Committee with responsibility for delivery of schemes funded through the TCF, as set out in Appendix A.
- 2.2. A Joint Committee has decision making powers, in line with their agreed terms of reference.
- 2.3. Given that the County Council is the lead authority, and there will be a requirement for match-funding to be identified, the responsibility for approving any Business Cases for funding prior to submission and making provision for any agreed match funding will remain with Cabinet, with recommendations made by the Joint Committee.
- 2.4. As part of the overall governance of the TCF projects, an officer group and a stakeholder group have already been established. Both groups will report into the Joint Committee.

## **3. Impact of the Proposal**

- 3.1. Once established by all four partner authorities, the terms of reference for the Joint Committee will need to be included as part of the Council's joint arrangements in the Council's Constitution.
- 3.2. The Joint Committee would be a public meeting and support would need to be identified to ensure appropriate arrangements can be in place for holding meetings, publishing papers and recording discussions. The TCF funding could

fund this support.

#### **4. Evidence and Reasons for Decision**

- 4.1. Establishing a Joint Committee enables the County and all the local authorities in Greater Norwich area and the New Anglia LEP to be actively involved in the development and delivery of schemes and provides further opportunity for the views of local stakeholders and communities to be taken into account. It reflects the spirit of partnership working on which work to date has been based and helps to demonstrate local support.
- 4.2. Taking a Joint Committee approach will enable a transparent decision-making process for schemes. Including the four relevant local authorities in the membership of the Joint Committee will help to ensure that the best possible schemes are progressed and that their delivery is fair and consistent, irrespective of which local authority area they are based in.

#### **5. Alternative Options**

- 5.1. There is no requirement to establish a Joint Committee and Members could decide not to do so.
- 5.2. There is an existing Joint Committee for Norwich Joint Highways Agency. Projects funded through the TCF could be included in the Terms of Reference for this Committee, rather than establish a new one. However, membership of this Joint Committee does not cover all local authorities in the Greater Norwich Area (Broadland and South Norfolk District Councils are not included) and it is assumed that this Committee will cease when the Highways Agency Agreement ends at the end of March 2020.

#### **6. Financial Implications**

- 6.1. There will be a financial implication in terms of providing support for the Joint Committee, but this can be funded from the TCF allocation.
- 6.2. There will be a need to secure match funding for any bids, and this will be set out in Business Cases proposed to Cabinet.

#### **7. Resource Implications**

- 7.1. **Staff:** There will be a need to put support arrangements in place. (see para 3.2)
- 7.2. **Property:** None.
- 7.3. **IT:** None.

#### **8. Other Implications**

- 8.1. **Legal Implications:** There will be a need to amend the County Council's Constitution to include provision for this new Joint Committee.
- 8.2. **Human Rights implications:** N/A
- 8.3. **Equality Impact Assessment (EqIA):** N/A
- 8.4. **Health and Safety implications:** N/A

8.5. **Sustainability implications:** N/A

8.6. **Any other implications:** None

## **9. Risk Implications/Assessment**

9.1. Taking a partnership-type approach to the development and delivery of TCF will enable views from a wider range of stakeholders to be taken into account, and lead to the development of the best possible schemes for the local area.

## **10. Recommendation**

10.1. Pursuant to Article 7.7 of the Constitution to establish a Joint Committee for the delivery of schemes funded through the TCF, as set out in Appendix A, and to make associated additions to Appendix 4 of the County Council's Constitution.

## **11. Background Papers**

11.1. Report to 18 January 2019 EDT Committee titled 'Transforming Cities – update on Norwich being shortlisted for major transport funding'

### **Officer Contact**

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

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## **Joint Committee – Transforming Cities Fund Projects**

### **(i) Membership**

Norfolk County Council  
 Norwich City Council  
 Broadland District Council  
 South Norfolk District Council  
 New Anglia LEP (private sector representative from the LEP Board with a Greater Norwich connection)

The County Council appoints 4 members (one of whom will be the Cabinet Member with responsibility for transport), Norwich City Council 2 members and the remaining bodies 1 member each.

Members will be able to nominate a substitute member from their local authority to attend meetings on their behalf, and the substitute member will be able to vote.

The Joint Committee will be Chaired by the Cabinet Member with responsibility for transport.

All members of the Joint Committee will have one vote each, and the Chair will the casting vote.

A quorum for the meeting will be 6 members.

### **(ii) Terms of reference**

The Joint Committee for Transforming Cities Fund projects is responsible for:-

- Developing business cases for funding, including development of individual schemes
- Overseeing the development and delivery of schemes, including carrying out and considering the results of public consultation, setting the timetable for delivery of schemes

The Joint Committee shall:

- Make recommendations to the County Council's Cabinet on funding bids, including business cases
- Ensure that schemes are developed which deliver the objectives agreed as part of any business cases
- Ensure schemes are delivered within the available funding

### **(iii) Rules governing the conduct of proceedings of meetings**

Save as for provided here the meetings of the Joint Committee are governed by the rules relating to meetings of Norfolk County Council Committees.

### **(iv) Rules relating to access to meetings**

Meetings of the Joint Committee shall be held in public and its agendas and minutes will be published in accordance with the County Council's usual procedures.



## Report to Cabinet

Item No. 7

<b>Report title:</b>	<b>Finance Monitoring Outturn report 2018-19</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member</b>	<b>Andrew Jamieson, Cabinet Member for Finance</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b>

### **Executive Summary**

This report gives details of the balanced outturn position for the 2018-19 Revenue and Capital Budgets, General Balances, and the Council's Reserves at 31 March 2019, together with related financial information.

The Revenue outturn for 2018-19 is an underspend of £0.087m on a net budget of £388.799m, increasing General Balances to £19.623m at 31 March 2019. Reserves and provisions at that date were £101.533m.

### **Recommendations**

Cabinet is asked to:

- **agree the expenditure and funding of the 2018-19 and future capital programmes as set out in Appendix 2;**
- **approve additional borrowing of £0.667m to fund in-year Children's Services capital expenditure as set out in Appendix 2 paragraph 5;**
- **approve the write-off of two care charges debts totalling £36,925.35, due to the exhaustion of the estates, as set out in Appendix 1 paragraph 7.9.**

## **1. Background and Purpose**

- 1.1. This report and associated annexes summarise the financial outturn position for 2018-19, to assist members to maintain an overview of the overall financial position of the Council.

## **2. Proposals**

- 2.1. Having set a revenue and capital budget at the start of the financial year, the Council needs to ensure service delivery within allocated and available resources, which in turn underpins the financial stability of the Council. Consequently, progress has been regularly monitored and corrective action taken when required.

### **3. Impact of the Proposal**

- 3.1. The impact of this report is to demonstrate that a balanced budget has been delivered in 2018-19.

### **4. Evidence and Reasons for Decision**

- 4.1. Two appendices are attached to this report giving details of the revenue and capital financial outturn positions:

Appendix 1 summarises the revenue outturn position, including:

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

Appendix 2 summarises the capital outturn position, and includes

- Changes to the current and future capital programme
- Capital programme funding
- Income from property sales

### **5. Alternative Options**

- 5.1. In order to deliver a balanced budget, no viable alternative options have been identified to the recommendations in this report.

### **6. Financial Implications**

- 6.1. As stated above, the revenue outturn for 2018-19 is an underspend of **£0.087m** (amount previously reported to 25 March 2019 Policy and Resources Committee £0.021m underspend). Reserves and provisions stand at £101m, a small increase since 31 March 2018.

Within the outturn results is a significant overspend in Children's Services, balanced by underspends in other areas, primarily Finance General. The Children's Services net overspend is due mainly to high and increasing levels and complexity of need across numerous areas of service and, in particular, in relation to children with special educational needs and children at risk of harm. A full explanation is given in Appendix 1 section 2.

The Children's Services overspend has been managed in 2018-19, and the 2019-20 revenue budget has taken account of known pressures at the time of budget setting. However, some further areas of overspend have occurred since budget setting and these will need to be carefully managed in 2019-20.

Savings related to the results in this report are reported separately.

The Council's capital programme has been updated to include new schemes approved by County Council on 12 February 2019, and reflects the position at 31 March 2019.

## **7. Resource Implications**

- 7.1. There are no staff, property or IT implications arising from this report.

## **8. Other Implications**

### **8.1. Legal Implications:**

In order to fulfil obligations placed on chief finance officers by section 114 of the Local Government Finance Act 1988, the Executive Director of Finance and Commercial Services continually monitors financial forecasts and outcomes to ensure resources (including sums borrowed) are available to meet annual expenditure.

### **8.2. Equality Impact Assessment**

In setting the 2018-19 budget, the Council consulted widely and listened to the results in agreeing to remove proposed savings relating to bus subsidies (£0.500m) and winter gritting (£0.200m). Impact assessments are carried out in advance of setting the budget, the latest being published as “Budget proposals 2019/2020 Overall Summary: [Equality & rural impact assessment report](#)”.

The Council’s net budget has remained unchanged throughout the financial year and there are no additional equality and diversity implications arising out of this report

## **9. Risk Implications/Assessment**

- 9.1. The Council’s Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk. A majority of risks, if not managed, could have significant financial consequences such as failing to generate income or to realise savings.

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers have taken measures throughout the year to reduce or eliminate potential over-spends, including the recommendation to approve additional capital funding for 2018-19.

## **10. Recommendation**

- 10.1. Recommendations are set out in the executive summary to this report.

## **Officer Contact**

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

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## Norfolk County Council

### Appendix 1: 2018-19 Revenue Finance Monitoring Outturn Report

Report by the Executive Director of Finance and Commercial Services

#### 1 Introduction

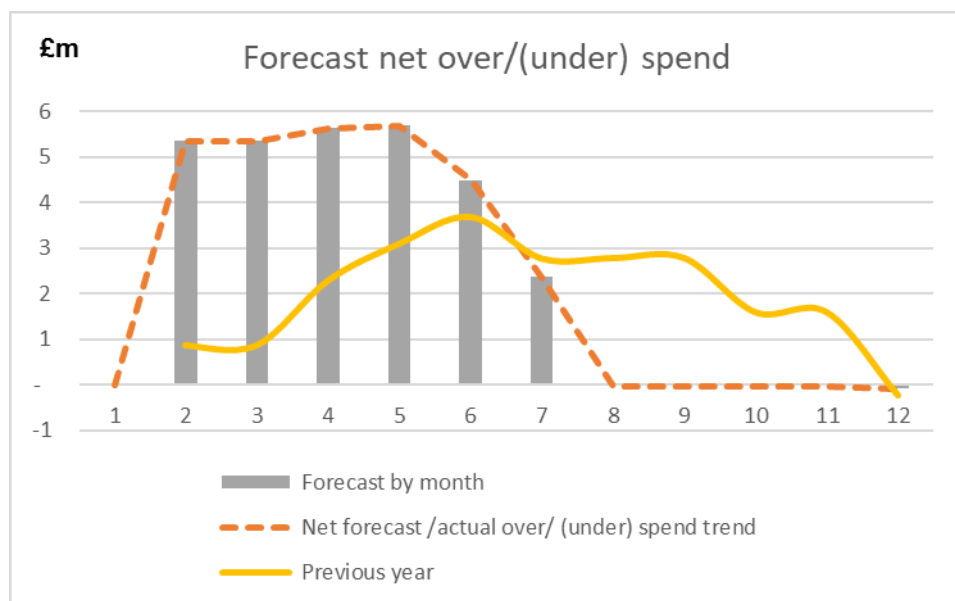
1.1 This report gives details of:

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

#### 2 Revenue outturn –over/underspends

2.1 **At the end of the 2018-19 financial year an underspend of £0.087m** has been achieved on a net budget of £388.799m.

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



2.2 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 has been achieved over the course of the year.

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

**Table 1: 2018-19 outturn (under)/over spends by service**

Service	Revised Budget	Net (under)/over spend	%	RAG
	£m	£m		
Adult Social Services	254.346	-0.013	0.0%	G
Children's Services	186.223	13.209	7.1%	R
Community and Environmental Services	167.671	-0.577	-0.3%	G
Strategy and Governance	8.295	-0.012	-0.1%	G
Finance and Commercial Services	27.836	0	0.0%	G
<b>Finance General</b>	-255.572	-12.694	5.0%	G
<b>Totals</b>	<b>388.799</b>	<b>-0.087</b>	<b>0.0%</b>	<b>G</b>

Notes:

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

- 2.4 **Children's Services:** Norfolk is continuing to experience high and increasing levels of need across numerous areas of service and, in particular, in relation to children with special educational needs and children at risk of harm. We continue to respond to new issues within society and the range of responsibilities for the department is widening to tackle issues such as child sexual and criminal exploitation and the threat of radicalisation. The number of statutory duties that councils have in relation to children's services has risen from 200 in 2011 to 299 in 2018 according to the Association of Directors of Children's Services; many of the new duties have brought funding requirements without sufficient (or any) new burdens funding, such as Staying Put leaving care support and education related duties. Whilst this is a challenging context, NCC's response is bold, positive and ambitious, with major investment in transformational change agreed that is expected to deliver significant impact in the medium to long-term.

- 2.5 The outturn for 2018-19 NCC funded services was £13.2m overspent compared to budget, which was an increase of £0.4m in comparison to the period 10 (January) forecast. The service areas that have resulted in significant variances to budget are:

- £6.3m overspend on placements and resources to support children and families, including supporting families to stay together through preventative arrangements within the family home to meet needs. This is a complex area to forecast, and the outturn saw an increase of £0.7m, primarily due to fostering and intensive support arrangements. Overall, the numbers of children looked after have remained relatively stable, which is in contrast to the national picture where increases have been seen by the majority of local authorities, providing evidence that the foundation stages of the transformation programme have been effective through offsetting increased demand;

- £1.5m Staying Put and Leaving Care placement and support costs as a result of previous high children looked after numbers combined with additional statutory duties to meet need to age 25 but lack of sufficient funding for the new burden;
- Additional social care staffing expenditure of £1.9m, a (£0.4m) reduction at outturn compared to forecast, due to the need to ensure that there are sufficient resources to meet the authority's statutory obligations whilst continuing to proactively recruit a stable, suitably qualified and experienced workforce sufficiently resourced to meet the challenges faced.
- Legal costs of £1.2m exceeding available budget due to high level of court proceedings due to the demand of social care case work, combined with increasing complexity of cases presented.
- Transport budgets, particularly transport for children and young people with special educational needs and disabilities (SEND), overspent by £4.2m, an increase of £0.3m at outturn. Norfolk continues to see a substantial increase in the demand for specialist SEND support and placements, in line with national trends, and with the market saturated, children and young people are needing to travel further and for longer to receive appropriate support and education. Although the funding for specialist SEND provision is part of the Dedicated Schools Grant (see below), the responsibility for funding the transport costs is a local authority duty, and these pressures have driven the increase in the forecast. Work is being undertaken to review the transport in place to ensure that maximum efficiency of transport arrangements is achieved whilst also meeting individuals' needs, following the identification of a significant increase over the last 2 years in the number of children requiring individual transport. The SEND and Alternative Provision transformation work is intended to significantly reduce SEND transport costs, whilst offering better outcomes for Children through reduced journeys.
- (£2.5m) capitalisation funded by borrowing to replace planned revenue funding of equipment and locally maintained schools' revenue contributions to capital, including an additional (£0.5m) identified at outturn.

**2.6 Dedicated Schools Grant:** The outturn for 2018-19 Dedicated Schools Grant funded services was £2.8m overspent compared to budget, which was a decrease of (£3.2m) in comparison to the period 10 (January) forecast. This overall overspend is constituted of the following elements: £6.9m overspend High Needs Block (a reduction in forecast of (£2.3m) at outturn – see below for more details), (£1.6m) underspend Schools Block (an increased underspend of (£0.9m) at outturn primarily due to late adjustments to rates charges) and (£2.5m) underspend Early Years Block.

**2.6.1** The combined, cumulative year-on-year overspend on the Dedicated Schools Grant is now £10.8m; the transformation programme,

including the planned increases in sufficiency, are anticipated to initially result in a reduction in annual overspends prior to being in a position to return the cumulative position to a balanced position. However, this is expected to take a number of years and will be dependent upon future decisions by central government regarding Dedicated Schools Grant funding, and particularly the High Needs Block. In the meantime, the Council is cash-flowing the deficit.

- 2.6.2 There continues to be significant pressure on the High Needs Block due to ongoing increases in demand and challenges of sufficiency. The primary reason for the reduction in the High Needs Block outturn is lower than anticipated spend in relation top-up funding to mainstream schools. As referenced in the Budget Monitoring report to Children's Services Committee in March, early in the financial year a pressure relating to High Needs SEND (Special Educational Needs and Disability) top-up funding to mainstream schools was identified following changes to the previous funding arrangements. This took account of the expected level of growth in plans requiring mainstream top-up funding anticipated during the year. As this is the first year (and indeed only part of a year) of this funding approach it has been a challenge to predict uptake, and a review has now been undertaken of those top-ups already agreed and those in the pipeline. Alongside this, we only have the part year effect of each top-up and so the combined effect is a one-off underspend in 2018-19. It is anticipated that the mainstream top-up funding required will be in line with the original estimates for future years to ensure that demand resources are available within the most appropriate part of the wider system.
- 2.7 **Adult Social Services:** The service has managed within its budgetary constraints through delivery of £21.7m savings, maximising income, as well as benefitting from additional funding support. Reserves have not been needed at the planned level, which will help mitigate financial risk in 2019-20.
- 2.7.1 Demand management savings are helping to constrain immediate demand for services. However, this is a continuing challenge recognising that demographics will increase demand each year and some actions can only delay rather than remove future need. Predominately via the use of the Improved Better Care Fund, the service has introduced and expanded services focusing on prevention, including home and accommodation based reablement. It has also introduced a new approach to social work, which is maximising community support, all of which is helping to support people to remain at home and in particular return home after a crisis – such as a hospital stay.
- 2.7.2 The financial pressure from packages of care has been mitigated through the use of £4.179m of winter pressures funding, provided by the Government in November 2018.
- 2.8 **CES:** Community and Environmental Services has generated an underspend of £0.577m. Overspends in those areas of the service which have been



under financial pressures, including the Fire and Rescue Service, and they have been more than balanced by significant revenue underspends in waste management and other services.

- 2.9 **Corporate services:** Both Strategy and Governance and Finance and Commercial Services have ended the year with balanced budgets, with only minor over and under-spends at detailed service levels throughout 2018-19.
- 2.10 **Finance General:** Underspend £12.7m. The finance general underspend includes the flexible use of £2m capital receipts to support transformation costs due to the successful completion of the sale of land and property to Hethel Innovation Ltd within the current financial year, and maximum use of the Business Risk Reserve. During the period the forecast underspend has increased, mainly a result of adjusting for actual net interest paid. Full details of Finance General over and underspends are included in Revenue Annex 1 to this report.

### 3 Agreed budget, changes and variations

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

**Table 2: 2018-19 original and revised net budget by service**

Service	Approved net base budget	Revised budget P10	Revised budget P11	Revised budget P12	Revised budget P13
	£m	£m	£m	£m	£m
Adult Social Services	252.466	253.283	253.588	254.346	254.346
Children's Services	185.948	187.653	187.486	186.223	186.223
Community and Environmental Services	155.267	160.600	161.770	167.671	167.671
Strategy and Governance	8.449	8.484	8.484	8.295	8.295
Finance and Commercial Services	24.383	25.390	25.390	27.272	27.836
<b>Finance General</b>	-237.714	-246.611	-247.919	-255.008	-255.572
<b>Total</b>	<b>388.799</b>	<b>388.799</b>	<b>388.799</b>	<b>388.799</b>	<b>388.799</b>

Note: this table may contain rounding differences.

- 3.2 Since period 10 there have been a number of large capital accounting adjustments for depreciation, asset revaluation and other accounting differences which are required to complete the Council's statutory accounts and the corresponding budget movements ensure that a service department's ability to spend is not affected.
- 3.3 The Council's overall net budget for 2018-19 has remained unchanged.

## 4 General balances and reserves

### General balances

- 4.1 On 12 February 2018 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.301m through 2018-19. Movements during the year are as follows:

	£m
General Balances – opening balance 1 April 2018	19.536
Net underspend 2018-19	0.087
<b>General Balances – closing balance 31 March 2019</b>	<b>19.623</b>

### Reserves and provisions 2018-19

- 4.2 The use of reserves anticipated at the time of budget setting was based on reserves balances anticipated in January 2018. Actual balances at the end of March 2018 were higher than planned, mainly as a result of grants being carried forward, and reserves use being deferred.
- 4.3 The 2018-19 budget was approved on the basis of a forecast reduction in earmarked reserves (including schools) from £73.3m to £63.8m during 2018-19, a net use of £9.4m. This level of use has not proved necessary.

**Table 3: Reserves budgets and forecast reserves and provisions (excluding LMS balances)**

Reserves and provisions by service	Budget book forecast balances 1 April 2018	Actual balances 1 April 2018	Increase in opening balances after budget setting	2018-19 Budget book forecast March 2019	Outturn balances (subject to final accounting adjustments) 31 March 2019
	£m	£m	£m		£m
<b>Adult Social Services</b>	17.316	33.675	16.359	10.906	32.101
<b>Children's Services (inc schools, excl LMS)</b>	5.133	7.955	2.822	4.241	8.184
<b>Community and Environmental Services</b>	31.943	36.504	4.561	29.566	37.992
<b>Strategy and Governance</b>	2.021	2.517	0.496	1.993	2.680
<b>Finance &amp; Commercial Services</b>	2.266	3.353	1.087	1.841	3.147
<b>Finance General</b>	14.592	16.532	1.940	15.288	17.429
<b>Reserves and provisions</b>	<b>73.271</b>	<b>100.536</b>	<b>27.265</b>	<b>63.835</b>	<b>101.533</b>

- 4.4 Actual overall provisions and reserves at 31 March 2019 (subject to year-end audit/accounting adjustments) are marginally higher than 31 March 2018, and over £35m in excess of 2018-19 budget book assumptions, due primarily to the increases in reserves brought forward after budget setting which

included unspent grants and contributions, including a significant element of Improved Better Care Fund grant brought forward to fund Adult Social Care projects.

- 4.5 The improved Better Care Fund is part of a three year plan agreed with Norfolk's health organisations to protect social care, support care market stability and implement projects to reduce demand on the wider health and social care system, and represents over £14m of the ASC reserves total.

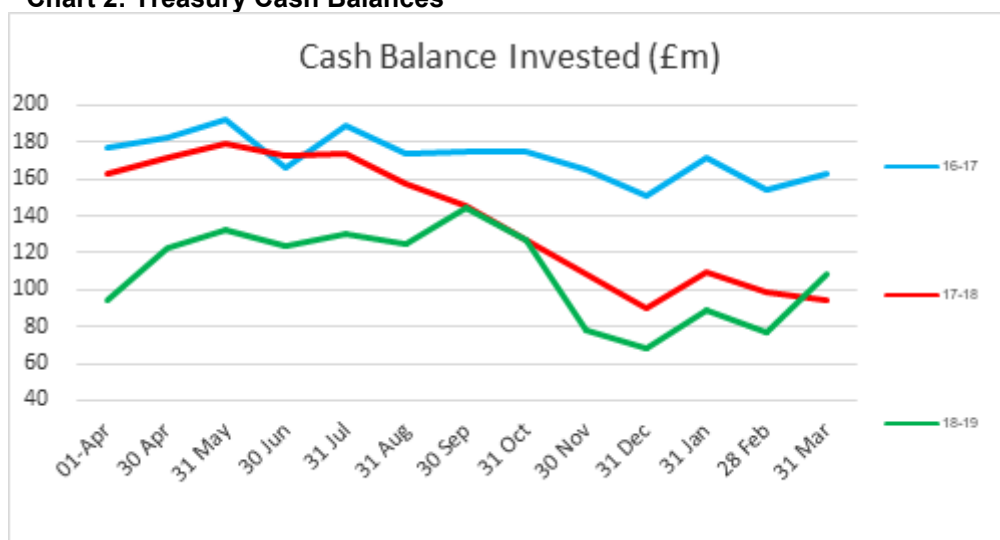
#### 4.6 Provisions included in the table above

The table above include provisions of £28m comprising £9.0m insurance provision, £12.3m landfill provision (this provision is not cash backed), £6.4m provisions for bad debts, and a small number of payroll related provisions.

## 5 Treasury management summary

- 5.1 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 last three years, to March 2019.

**Chart 2: Treasury Cash Balances**



- 5.2 Borrowing of £80m was planned for 2018-19. Borrowing of £100m was actually undertaken, and is reflected in the cash balances shown in the graph. In line with previously reported plans £10m was borrowed from PWLB in both February and March 2019. In addition, towards the end of March, £20m of borrowing was brought forward from 2019-20 to take advantage of historically low interest rates which dipped below 2.25%.
- 5.3 The balances shown above include £40m PWLB (Public Works Loan Board) debt taken at the end of March 2017 (blue line) and £20 towards the end of 2017-18 (red line). The impact of the £40m Pension Fund pre-payment approved in September 2018 is reflected in the reduced November balance.

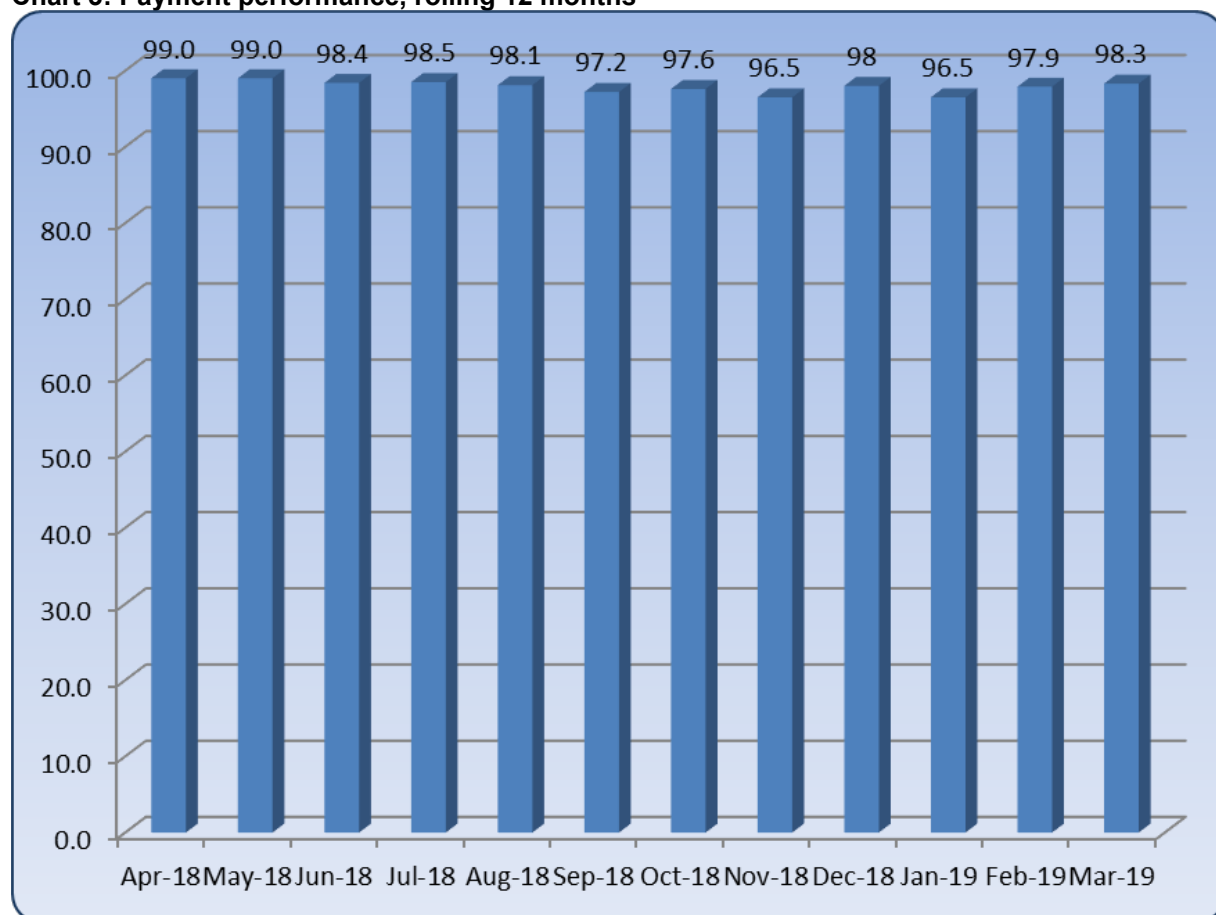
5.4 PWLB and commercial borrowing for capital purposes was £625m at 31 March 2019, and the associated interest payable during the year was £26.9m

5.5 New borrowing is applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of 'carrying' debt in the short term.

## 6 Payment performance

6.1 This chart shows the percentage of invoices that were paid by the authority within 30 days of such invoices being received. Some 420,000 invoices are paid annually. Over 97% were paid on time in February and March. The percentage has not dropped below 96% in the last 12 months.

**Chart 3: Payment performance, rolling 12 months**



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

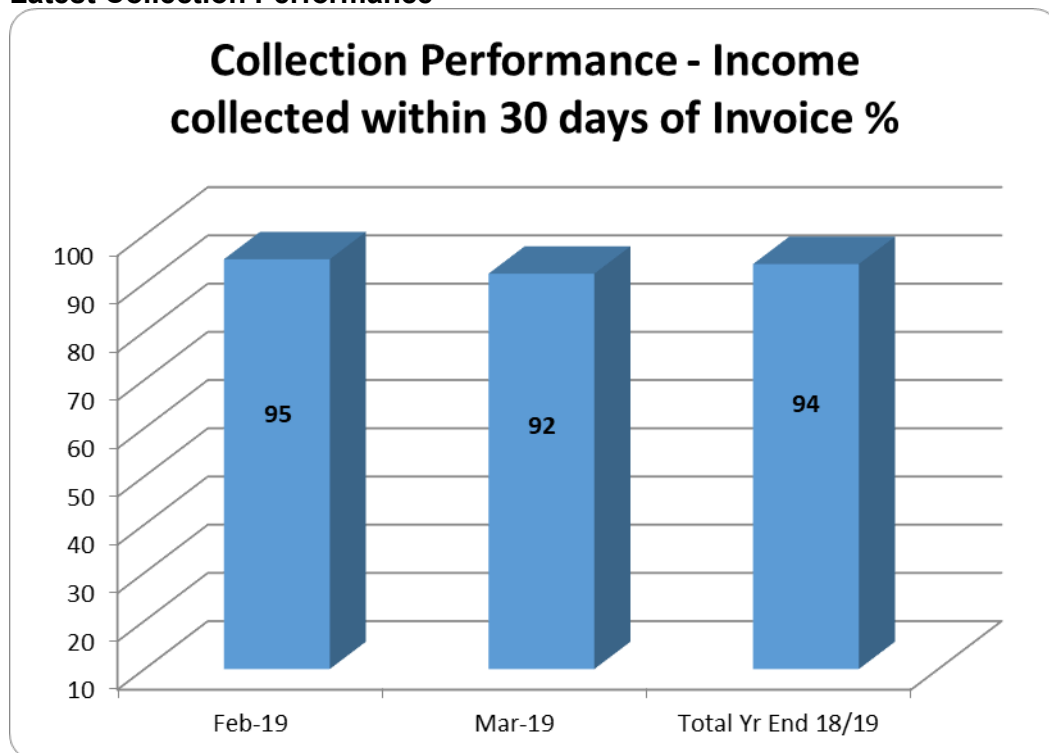
## 7 Debt recovery

- 7.1 **Introduction:** Each year the County Council raises over 150,000 invoices for statutory and non-statutory services totalling over £960m. In 2018-19 94% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected within 180 days.

### Debt collection performance measures

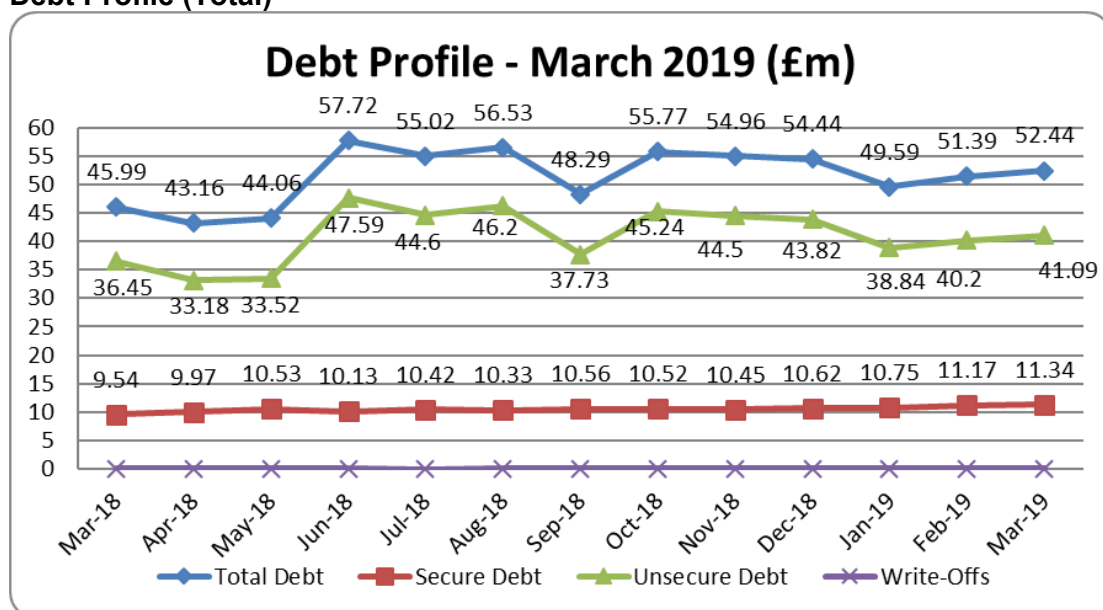
- 7.2 The proportion of invoiced income collected within 30 days for invoices raised in the previous month – measured by value – was 95% in February 2019 and 92% in March 2019, bringing the overall percentage in 2018-19 to 94% (compared with 93% in 2017-18).

#### Latest Collection Performance



- 7.3 The value of outstanding debt is continuously monitored, and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. The level of debt is shown in the following graph:

## Debt Profile (Total)



The largest area of unsecure debt relates to charges for social care. Of the £41.1m unsecure debt at the end of March, £16.6m is under 30 days and £11.2m is debt with the CCG's, the majority of which is for shared care, Better Care Pooled Fund, continuing care and free nursing care.

- 7.4 Secured debts amount to £11.35m at 31 March 2019. Within this total £3.97m relates to estate finalisation where the client has died, and the estate is in the hands of the executors.
- 7.5 **Debt write-offs:** In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Executive Director of Finance and Commercial Services approves the write off of all debts up to £10,000.
- 7.6 Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action.
- 7.7 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 or b) where a service has set up a bad debt provision, use of that provision.
- 7.8 For the period 1 April 2018 to 31 March 2019, 429 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance and Commercial Services. These debts totalled £346,154.28.

- 7.9 Since the 2017-18 outturn report, no debts over £10,000 have been written off to date. For the period 1 April 2018 to 31 March 2019, there are two debts over £10,000 to be approved for write off totalling £36,925.35, as follows:

<b>Debt Type</b>	<b>Amount</b>	<b>Reason</b>
Residential Care charges	£22,910.35	Estate exhausted
Non-Residential Care charges	£14,015.00	Estate exhausted

## Revenue Annex 1

### Forecast revenue outturn

#### Revenue outturn by service

Table A1a: revenue over and (under) spends by service

Service	Revised Budget	Net total over / (under) spend	Over / (under) spend as %	Forecast net spend
	£m	£m		
Adult Social Services	254.346	-0.013	0.0%	254.333
Children's Services	186.223	13.209	7.1%	199.432
Community and Environmental Services	167.671	-0.577	-0.3%	167.094
Strategy and Governance	8.295	-0.012	-0.1%	8.283
Finance and Commercial Services	27.836	0	0.0%	27.836
Finance General	-255.572	-12.694	5.0%	-268.266
<b>Forecast outturn this period</b>	<b>388.799</b>	<b>-0.087</b>	<b>0.0%</b>	<b>388.712</b>
Total final P&R report	388.799	-0.021	0.0%	388.778

#### Reconciliation between current and previously reported underspend

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

	£m
<b>Forecast overspend brought forward</b>	<b>-0.021</b>
<b>Movements February &amp; March 2019</b>	
Adult Social Services	-0.013
Children's Services	0.423
Community and Environmental Services	0.004
Strategy and Governance	0
Finance and Commercial Services	0.058
Finance General	-0.538
<b>Outturn over/(under) spend</b>	<b>-0.087</b>

#### Corporate resources spend as a proportion of "front line" net expenditure

Table A1c: Corporate resources spend as a proportion of front line spend

Service	Budget	Outturn
	£m	£m
Total "front line" services	608.240	620.859
Total corporate resources	36.131	36.119
Corporate resources as %age	5.9%	5.8%
Corporate resources as ratio	1/17	1/17



## Revenue Annex 1 continued

The net underspend is a result of a range of underlying forecast over and underspends which are listed below.

### Revenue budget outturn by service – detail

	Over spend	Under spend	Changes
	£m	£m	£m
<b>Adult Social Services</b>			
Business Development		-0.171	-0.021
Commissioned Services	0.067		-0.477
Early Help & Prevention		-0.047	0.077
Services to Users (net)	1.825		0.499
Management, Finance & HR		-1.687	-0.091
Forecast over / (under) spend	<b>1.892</b>	<b>-1.905</b>	<b>-0.013</b>
		<b>-0.013</b>	
<b>Children's Services</b>	Over spend	Under spend	Changes
	£m	£m	£m
Social Work	11.535		0.562
Early Help & Prevention		-0.638	0.069
Performance & Challenge	0.415		0.054
Education	4.765		0.103
Resources		-0.424	-0.465
Use of reserves and balances		-0.444	0.100
Schools capital funded by borrowing		-2.000	
<b>Dedicated schools grant</b>			
High Needs Block	6.894		-2.321
Schools Block		-1.564	-0.900
Early Years Block		-2.526	0.048
Net deficit to be carried forward		-2.804	-3.173
<b>Forecast over / (under) spend</b>	<b>23.609</b>	<b>-10.400</b>	<b>-5.923</b>
	<b>13.209</b>		

<b>Community and Environmental Services</b>	Over spend	Under spend	Changes
	£m	£m	£m
Community, Information and Learning		-0.105	-0.073
Culture and Heritage	0.162		0.163
Director of Public Health		-0.071	0.007
Fire Service	0.443		-0.047

Business Support and development	0.075		0.205
Highways		-0.093	-0.093
Residual Waste		-0.409	-0.009
Travel and Transport Services	0.044		0.044
Recycling and Closed landfill sites		-0.614	-0.294
Scottow Enterprise Park		-0.009	-0.009
Economic Development		-	0.110
<b>Forecast over / (under) spend</b>	<b>0.724</b>	<b>-1.301</b>	<b>0.004</b>
		<b>-0.577</b>	

<b>Strategy, Finance and Finance General</b>	Over spend	Under spend	Changes
	£m	£m	£m
<b>Strategy and Governance</b>			
Intelligence & Analytics		-0.019	-0.014
Communications	0.070		0.022
Human Resources	0.021		0.021
Democratic Services	0.001		-0.040
nplaw		-	-
MDs office		-0.097	-0.001
Print & Phone Recharges		0.012	0.012
<b>Forecast over / (under) spend</b>	<b>0.092</b>	<b>-0.104</b>	<b>0</b>
		<b>-0.012</b>	
<b>Finance and Commercial Services</b>			
Client Property Management (B&P Committee)		-	0.016
Procurement		-	0.064
IMT		-	
Print & Phone Recharges		-	-0.022
<b>Forecast over / (under) spend</b>	<b>-</b>	<b>-</b>	<b>0.058</b>
		<b>-</b>	
<b>Finance General (see Revenue Annex 2 for further details)</b>			
Section 31 Business rates cap compensation		-0.433	
Section 31 Business grant reconciling payments		-1.216	
Additional Local Services Support Grant - free travel		-0.162	
Satellite offices cost of lease surrender	0.536		
Member's allowances		-0.034	-0.003
Audit fees		-0.042	-0.009
ESPO dividend		-0.150	
Land drainage levy		-0.016	
Interest on balances, payable and receivable		-0.938	-0.244
Capitalisation of costs currently in revenue budgets		-1.500	
Capital receipts			-0.200
Use of capital receipts to support transformation costs		-2.000	
Savings relating to pension fund pre-payment		-0.400	
Lower than anticipated costs of redundancy / use of		-1.800	

organisational review reserves			
Use of Business Risk Reserve		-4.457	
Other minor Finance General net budget variations/underspends		-0.082	-0.082
<b>Forecast over / (under) spend</b>	<b>0.536</b>	<b>-13.230</b>	<b>-0.538</b>
		<b>-12.694</b>	

## 2 Finance General over and underspends

Explanations for the Finance General under and overspends are as follows:

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

This forecast underspend relates to additional 2018-19 business rates compensation grant income associated with measures announced at Autumn and Budget Statements.

### **Section 31 Business grant reconciling payments following close of 2017-18 accounts (underspend £1.216m)**

This forecast underspend relates to a reconciling payment for 2017-18 business rates compensation grant income. The amount has been confirmed following the audit of NNDR3 business rates returns submitted in 2018-19.

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

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

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

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

### **Member's allowances (underspend £0.034m)**

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

### **Audit fees (underspend £0.042m)**

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

### **ESPO dividend (underspend £0.150m)**

NCC's share of Eastern Shires Purchasing Organisation surplus confirmed.

### **Land drainage levy (underspend £0.016m)**

Environment Agency precept less than expected.

### **Interest on balances (underspend £0.938m)**

The 2018-19 interest payable/receivable budget was prepared on the basis of a number of assumptions including cash flows, interest rates and the extent of actual borrowing. The cost and timing of borrowing has resulted in an underspend.

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

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

**Use of capital receipts to support transformation costs (underspend £2.000m)**

On 25 September 2017 Policy and Resources Committee considered a report entitled Demand Management & Prevention Strategy: Children's Services. This resulted in the allocation of a one-off investment of £12-£15m into children's services over the four years 2018-22. It is proposed that subject to the achievement of property sales in 2018-19, £2m of capital receipts will be allocated to fund transformation through the "flexible use of capital receipts" in accordance with the policy approved by County Council on 12 February 2018.

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

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

**Lower than anticipated costs of redundancy (underspend £1.800m)**

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

**Forecast use of Business Risk Reserve (underspend £4.457m)**

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

**Other minor net budget variations/underspends (underspend £0.082m)**

This represents other budget movements and minor variations on various Finance General budget headings.

# Norfolk County Council

## Appendix 2: 2018-19 Capital Finance Outturn Report

Report by the Executive Director of Finance and Commercial Services

### 1 Capital Programme 2018-19

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

**Table 1: Capital Programme budget**

	<b>2018-19 budget</b>	<b>Future years</b>
	<b>£m</b>	<b>£m</b>
New schemes approved February 2018, funded from borrowing	114.976	122.411
Previously approved schemes brought forward	123.122	68.401
<b>Totals in 2018-22 Budget Book (total £428.910m)</b>	<b>238.098</b>	<b>190.812</b>
Deduct new externally funded highways schemes (see 1.2 above)	-79.118	-85.329
Schemes re-profiled after budget setting	31.884	4.086
Other Adjustments, including additional grants	8.360	
<b>Capital Programme Outturn excl new highways (£308.794m)</b>	<b>199.224</b>	<b>109.569</b>
Statutory accounting adjustment	-1.496	
Highways grant funded schemes, assumed to be added to programme as grant funding confirmed £164.447m	79.118	85.329
<b>Revised opening capital programme (total £471.744)</b>	<b>276.846</b>	<b>194.898</b>
Re-profiling since start of year	-145.919	145.919
Other movements – including £254.488 new schemes approved County Council 11 February 2019	27.621	276.735
<b>Capital programme budgets (total £776.100)</b>	<b>158.548</b>	<b>617.552</b>

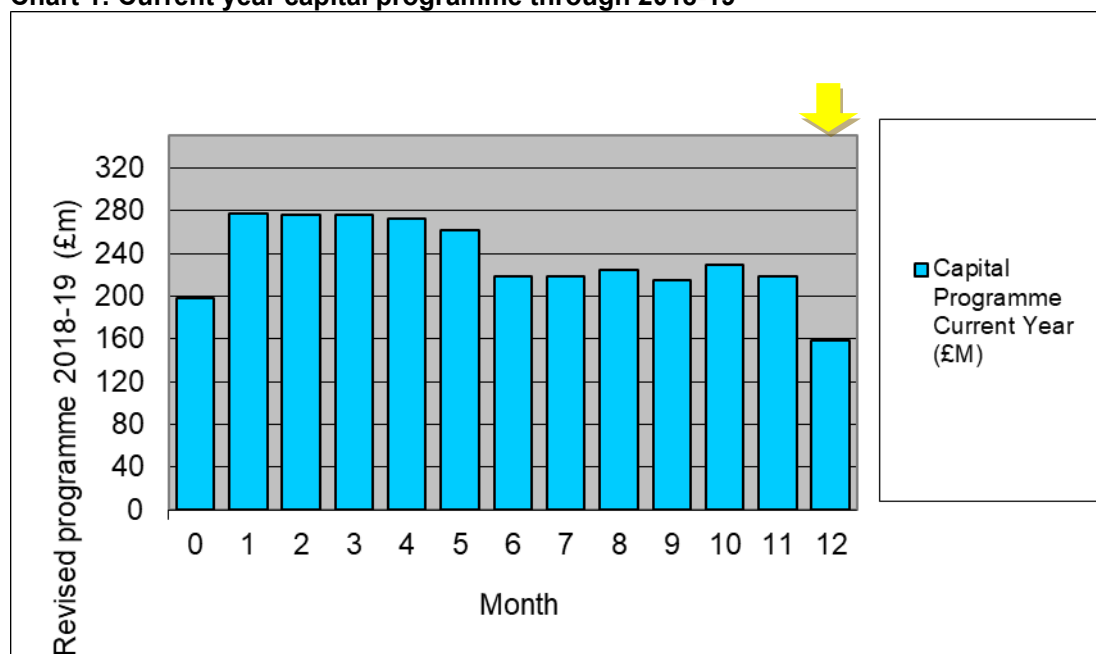
*Note: this table and the tables below contain rounding differences*

The “future years” column above includes new schemes approved as part of the 2019-22 capital strategy and programme.

## Changes to the Capital Programme

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

**Chart 1: Current year capital programme through 2018-19**



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

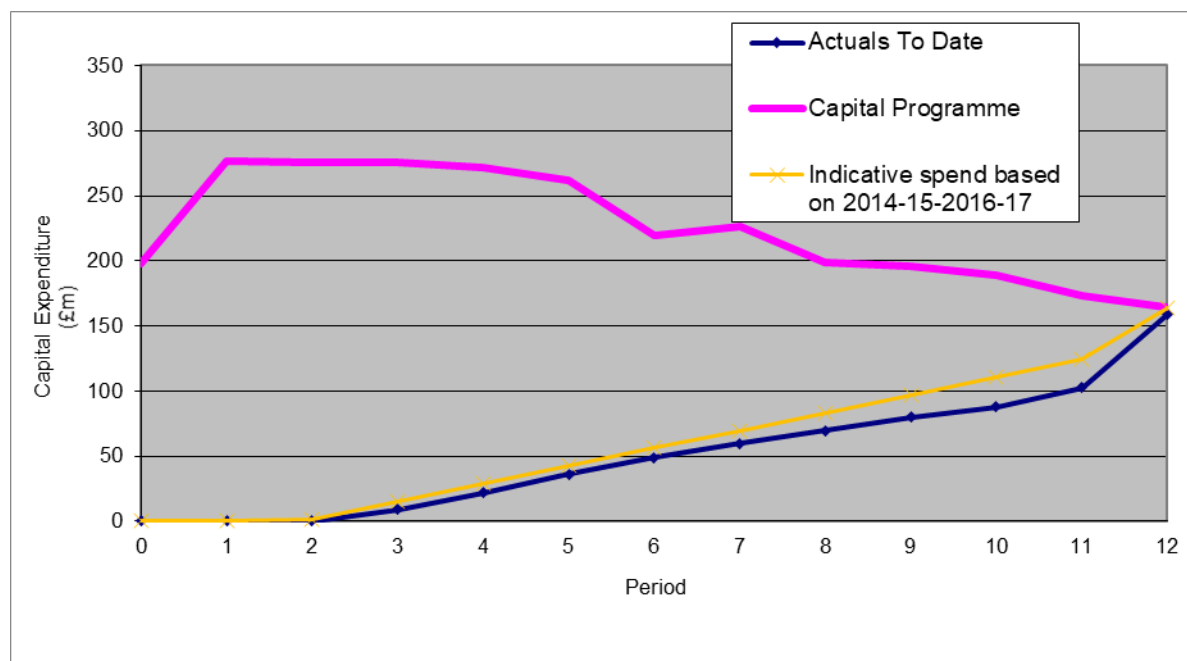
**Table 2: Service capital budgets and movements 2018-19**

Service	Revised opening programme	Previously reported Programme (March P&R)	Reprofil ng since P10 P&R report	Other Changes since P10 P&R report	2018-19 Outturn Capital Budget
	£m	£m	£m	£m	£m
Children's Services	87.764	-36.100	-22.972	2.597	31.289
Adult Social Care	13.196	2.240	-3.635	0.127	11.927
Community & Environmental Services	120.175	-4.072	0.356	-19.007	97.453
Finance & Comm Servs	55.710	-8.855	-29.073	0.096	17.879
<b>Total</b>	<b>276.845</b>	<b>230.059</b>	<b>-55.324</b>	<b>-16.187</b>	<b>158.549</b>
				<b>-71.511</b>	

*Note 1: this table may contain rounding differences*

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

**Chart 1: capital programme indicative trends and progress**



- 1.7 The chart shows that actual expenditure (purple line) has remained below the indicative expected spend (yellow line), which was based on prior years' activity as a proportion of the capital programme. However, spend is higher than the two years prior to the construction of the NDR/Broadland Northway.
- 1.8 The chart shows that since period 2, when year-end accounting accruals were cleared, accounting expenditure (blue line) has consistently averaged around £11m per month. Capital spend remains a significant proportion of the Authority's overall expenditure due mainly to continued spending on highways maintenance and vital schools improvements, together with spend on strategic projects including Better Broadband, completion of the NDR, and development of the Great Yarmouth third river crossing.
- 1.9 The significant increase towards the end of the year is the result of accounting accruals for all work completed and undertaken up to 31 March 2019. Re-profiling towards the end of the year has resulted in budgets being moved into 2019-20 as timing of project spend has crystallised.

- 1.10 The revised programme for future years (2019-20 to 2021-22) including £254.488 new schemes approved County Council 11 February 2019, is as follows:

**Table 3: Capital programme 2019-22**

Service	Previously reported future Programme (March P&R)	Reprofilng since P10 P&R report	Other Changes since P10 P&R report	2019+ Future Capital Budget
	£m	£m	£m	£m
Children's Services	219.808	22.972	1.717	244.496
Adult Social Care	44.615	3.635	0.017	48.267
Community & Environmental Services	222.562	-0.356	0.052	222.257
Finance & Comm Servs	73.395	29.074	0.063	102.533
<b>Total</b>	<b>560.380</b>	<b>55.325</b>	<b>1.848</b>	<b>617.554</b>
			<b>57.173</b>	

*Note: this table may contain rounding differences*

## 2 Examples of major capital schemes completed or largely completed in 2018-19

**Schools:** a significant number of larger schools projects completed during 2018-19, including:

Project	completion	Value
Fen Rivers Primary Phase	June 2018	£1.3m
Hooper Lane provision for excluded children	Sept 2018	£0.45m
Attleborough Junior to Primary	April 2018	£2.5m
Falcon Junior to 4FE	April 2018	£1.55m
Aylsham 30 Hours nursery	July 2018	£0.7m
St Clements nursery – North Norwich	Oct 2018	£0.4m
Taverham Junior School mobile replacement	May 2018	£1.1m

**NDR:** The final section of the A1270 Norwich Northern Distributor Road – now named Broadland Northway – was fully opened up to all traffic on 17 April 2018, towards the start of the financial year.

**County Farms:** As agreed at 15 May 2018 Business and Property Committee, the Council purchased 168.91 acres (68.36 ha) of farm Land at Avenue Farm, Halvergate. With a number of planned farms disposals, this purchase has ensured headroom to ensure the County Farms Estate does not fall below the stated policy minimum of 16,000 acres.



### 3 Financing the capital programme

- 3.1 Funding for the capital programme comes primarily from grants and contributions provided by central government. These are augmented by capital receipts, developer contributions, prudential borrowing, and contributions from revenue budgets and reserves.

**Table 4: Financing of the capital programme**

<b>Funding stream</b>	<b>2018-19 Programme</b>	<b>Future Years Forecast</b>
	<b>£m</b>	<b>£m</b>
Prudential Borrowing	49.172	401.495
Use of Capital Receipts	2.000	
Revenue & Reserves	1.923	0.000
<i>Grants and Contributions:</i>		
DfE	17.734	90.404
DfT	53.054	87.066
DoH	11.630	0.809
DCLG	0.026	0.333
DCMS	3.900	
Developer Contributions	12.592	20.561
Other Local Authorities	2.057	3.580
Local Enterprise Partnership	2.961	
Community Infrastructure Levy	0.399	1.942
National Lottery	0.000	9.921
Other	1.100	1.441
<b>Total capital programme</b>	<b>158.549</b>	<b>617.553</b>

*Note: this table may contain rounding differences*

- 3.2 Significant funding from capital receipts is anticipated over the life of the programme, which as and when realised will be used either to re-pay debt as it falls due, for the flexible use of capital receipts to support the revenue costs of transformation, or to reduce the call on future prudential borrowing. For the purposes of the table above, it is assumed that all capital receipts will be applied directly to the re-payment of debt (not reflected in the table above) with £2m applied to allowable “flexible use”. Only capital receipts in excess of this will then be used to reduce the Council’s future borrowing requirement.
- 3.3 The most significant sources of funding continue to be the major government capital grants for transport and schools, and the authority’s prudential borrowing.
- 3.4 Developer contributions are funding held in relation to planning applications. Section 106 (Town and Country Planning Act 1990) contributions are held in relation to specific projects: primarily schools, with smaller amounts for libraries and highways. The majority of highways developer contributions are a result of section 278 agreements (Highways Act 1980).

## 4 Capital Receipts

- 4.1 The Council's property portfolio is constantly reviewed to ensure assets are only held where necessary so that capital receipts or rental income can be generated. This in turn reduces revenue costs of the operational property portfolio.
- 4.2 The capital programme, approved in February 2018, demonstrated how asset sales can be a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements or (c) used to repay existing borrowing. It included a table of potential property sales

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

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

Following recent re-valuations after the original estimates were prepared, the forecast receipt from the major development sites has increased. However the first sales are not expected to be realised until 2019-20 and are no longer included in the forecast current year receipts.

- 4.3 The revised schedule for current year disposals is as follows:

**Table 6b: Property disposals 2018-19 £m**

	<b>Receipts 2018-19 £m</b>
General property disposals	1.176
Farms disposals	1.750
Hethel Innovation Centre, sale to HIL	2.132
<b>Property capital receipts 2018-19</b>	<b>5.058</b>

*Note: General property disposal receipts are net of a) receipts <£0.010m which are classed as revenue receipts, and sales expenses legitimately charged against sales proceeds.*

In addition to the receipts from the disposal of property shown above, capital receipts resulting from the repayment of loan capital, and dividends treated as capital receipts amounted to £1.717m.

## **5 Additional capital budget 2018-19 requiring approval**

- 5.1 Policy and Resources Committee 24 September 2018 approved the addition of £2.0m to the Children's Services capital programme to replace revenue contributions which were to be used to support the 2018-19 Children's Services revenue budget.
- 5.2 This proposal has resulted in the replacement of revenue funding with prudential borrowing to fund capital expenditure undertaken by maintained schools, as reflected in section 2.5 of Appendix 1 to this report (Revenue outturn).
- 5.3 Actual capital expenditure by schools has exceeded original expectations, and as a result the opportunity has arisen to increase borrowing and therefore the amount available to support the Children's Services revenue budget by a further £0.458m.
- 5.4 In addition, as part of the 2018-19 capital programme approved by County Council in 2018-19, £2.334m of prudential borrowing was allocated to Community Equipment and Assistive Technology Capitalisation. At the time of budget setting it was not possible to identify equipment relating specifically to Children's Services and as a result no budget was approved for this purpose. Better information has resulted in £0.209m of assistive equipment supplies relating to Children's Services. To avoid a further call on the Children's Services revenue budget, it is proposed that an additional prudential borrowing to fund this additional assistive equipment.
- 5.5 In total, it is proposed that £0.667m of additional prudential borrowing be allocated to fund Children's Services capital expenditure.

## Capital Annex 1 - changes to capital programme since March 2019 P&R Committee

Changes to capital programme since final P&R report			18-19	18-19	19-20+	19-20+	
Service	Project	Funding Type	Change (£m)	REPROFILE	Change (£m)	REPROFILE	Reason
Adult Social Care	Norse Care Loan	Ncc Borrowing		-3.000		3.000	Reprofiled as not used in 18/19
	Disabled Facilities Grant	DoH	0.127			0.000	Increased to cover credit note to North Norfolk District Council
	Misc	External		-0.635		0.635	Reprofile in line with year end expenditure figures
					0.017		Increase in NCC borrowing to replace Internal funding not used in 18/19
<b>Total Adult Social Care</b>			<b>0.127</b>	<b>-3.635</b>	<b>0.017</b>	<b>3.635</b>	
<b>Children's Services</b>							
	Misc projects	Various External sources		- 4.098		4.098	Projects reprofiled to account for final year end expenditure
	CS Transformation Project	Capital Reciept	2.000				Capital reciept received period 12
	Re coding school equipment	NCC Borrowing	0.209				Additional borrowing agreed
	Income from Breckland Council	External contribution			0.038		Income received from Breckland Council
	Additional DFC	External Grant			1.679		Additional Devolved Formular capital received for 18/19
	School refund/rev contributions	Internal Funding	0.028				Revenue contribuitons received - refunds made on Academy conversions
	Basic need-unallocated funds	Dfe Grant		- 3.380		3.380	Profled for allocation to individual projects
	SEND	NCC Borrowing		- 4.790		4.790	Profled out to individual projects
	Roydon Primary School	External		- 1.216		1.216	Profled against construction programme
	Costessey Junior School	External		- 1.554		1.554	profled against revised construction programme
	North Denes new primary	External		- 1.163		1.163	Reprofiled against construction programme - planning delays
	North Lynn, Lynnsport	External		- 1.203		1.203	Reprofiled against construction programme - planning delays
	Hillcrest Primary	External		- 0.592		0.592	Profled against construction programme
	Sprowston New Primary	External		- 1.682		1.682	Profled against construction programme
	Hetherset New Primary	External		- 2.606		2.606	Reprofiled against construction programme - planning delays
	Section 106 Funding	External - S106		- 0.687		0.687	S106 unallocated reprofiled to 19/20
	Schools Refresh 18-22	NCC Borrowing	0.360				Was previously coded to Finance ICT
<b>Total Children's services</b>			<b>2.597</b>	<b>-22.972</b>	<b>1.717</b>	<b>22.972</b>	

<b>CES</b>							
Libraries	White House Farm	S106 Funding			0.070		Additional income received
	Various	S106/CIL		-0.299		0.299	Reprofiled as to agree 18/19 expenditure
	Various	External		-0.090		0.090	Reprofiled as to agree 18/19 expenditure
	Various	NCC Borrowing		-0.178		0.178	Reprofiled as to agree 18/19 expenditure
	Various	S106 funding	0.072				Additional income received 18/19
	Library Book Stock	NCC Borrowing	0.077				Additional income received
	Various	External	0.003				Additional income received
	Open Library	Internal	0.433				Internal income to cover in year expenditure
	Attleborough Improvements	NCC Borrowing			-0.024		contribution to CPT
Adult Education	Wensum Lodge redevelopment	NCC Borrowing		0.005		-0.005	Reprofiled to cover in year expenditure
Museums	GFW Voices project	Lottery Funding	-0.028				Funding reduced as project complete
	Castle Keep Improvements	DCMS	-0.009				Funding reduced as project complete
	HLF Castle Keep	External		0.024		-0.024	Funding moved back to cover in year expenditure
	Norwich Castle & Strangers Hall	NCC Borrowing		-0.160		0.160	Funding reprofiled to 19/20
	Time & Tide/Wren/Biomass	Misc	0.001				Budget increase
	Castle Keep Delivery	External					Budget received for Castle Keep Delivery
Ec Development	SEP	Internal/borrowing	0.327				0.98m from Business Pool Grant and 0.229m unused borrowing b/fwd from 16/17
	SEP	Internal/borrowing		-2.024		2.024	Reprofiled to 19/20
	Development of Norfolk Infrastructure	External			0.006		Unused balance
ETD Other	Various	NCC Borrowing		-0.039		0.039	Reprofiled for use in 19/20+
ETD GRT	Swaffham splashes	NCC Borrowing		0.023		-0.023	Reprofiled to cover in year expenditure
ETD Waste	Various	NCC Borrowing		-3.940		3.940	Reprofiled for use in 19/20+
ETD Public Access	Recycle the railways	NCC Borrowing		-0.150		0.150	Reprofile for use in 19/20+
Transport	Clean Bus	NCC Borrowing		-0.037		0.037	Reprofile for use in 19/20+
Fire	Various	NCC Borrowing		-0.104		0.104	Reprofile for use in 19/20+
	Various	External		-0.069		0.069	Reprofile for use in 19/20+
Better Broadband	BB for Norfolk	NCC Borrowing		3.814		-3.814	Reprofile for use in 19/20+
		External - DCMS		3.580		-3.580	Reprofile for use in 19/20+
Highways	Various	NCC Borrowing	-12.603				Budget adjustments to reflect spend in 18-19
	Various	External	2.935				
	Various	Internal	-12.609				
	NDR	NCC Borrowing	2.311				Budget adjustment to account for Over accrual on NDR in 17/18
	Landfill	NCC Borrowing	0.085				Budget adjustment to account for Landfill
<b>Total CES</b>			<b>-19.007</b>	<b>0.356</b>	<b>0.052</b>	<b>-0.356</b>	

<b>Finance and Commercial Services</b>							
Finance ICT	Various	NCC Borrowing		- 3.715		3.715	Balance of ICT capital funding, reprofiled for use in future years
	Technology Improvement	Internal	0.113		0.043		
	NCLS Transformation Project	NCC Borrowing					
	Schools Refresh	NCC Borrowing	-0.360				Moved into Children's Services capital budget
Finance	HR Systems	NCC Borrowing	0.001	- 0.441		0.441	
	Budget manager Licences	NCC Borrowing	-0.001			0.001	
	Minor Works	NCC Borrowing	-0.004	0.032	-	0.032	
	Capital Loans Facility	NCC Borrowing		- 9.368		9.368	Balance of loan facility, reprofiled for use in future years
	GNGB	NCC Borrowing		- 13.669		13.669	Balance of loan facility, reprofiled for use in future years
Farms	Farms Enhancement Work	NCC Borrowing	0.348				
	Various schemes	NCC Borrowing		- 0.645		0.645	
Offices		NCC Borrowing		- 0.818		0.818	Reprofiling
Offices - C Hall		NCC Borrowing		- 0.449		0.449	Reprofiling
		NCC Borrowing			0.020		Contribution from Libraries
<b>Total Finance</b>			<b>0.096</b>	<b>-29.073</b>	<b>0.063</b>	<b>29.074</b>	
<b>Total</b>			<b>-16.187</b>	<b>-55.324</b>	<b>1.848</b>	<b>55.325</b>	

## Report to Cabinet

Item No. 8

<b>Report title:</b>	<b>Delivering Financial Savings 2018-19 – Outturn</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Andrew Jamieson, Cabinet Member for Finance</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b>

### **Executive Summary/Introduction from Cabinet Member**

County Council agreed savings of £29.999m for the year as part of the 2018-19 budget setting process. This report provides details of the year-end outturn position in respect of the delivery of the 2018-19 savings agreed by the County Council at its budget meeting 12 February 2018.

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

### **Recommendations**

**Cabinet are recommended to:**

- a) Consider the budgeted value of savings of £25.502m, representing 85% of the planned savings for the year, which have been delivered;**
- b) Consider the total shortfall of £4.497m in 2018-19, which amounts to 15% of total savings, and includes £5.298m of budgeted 2018-19 savings projects rated as AMBER and RED, which have not been delivered; and**
- c) Note the changes to assumptions and rescheduling of savings totalling £5.900m in 2019-20, £1.550m in 2020-21 and £2.500m in 2021-22, as approved in 2019-22 budget setting by County Council on 11 February 2019.**

## **1. Savings overview**

- 1.1. The County Council, as part of setting its budget for 2018-19, agreed net savings of £29.999m. A summary of the total savings, including the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the 2018-19 budget process, is provided in this report. Full details of savings can be found in the [2018-19 Budget Book](https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en).<sup>1</sup>

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

## 2. RAG ratings

2.1. The definition of RAG rating levels used during the year is set out in the table below.

**Table 1: RAG ratings**

Level	Descriptor
<b>Red</b>	<b>Significant concern</b> that the saving may not be delivered, or there may be a large variance in the saving (50% and above).
<b>Amber</b>	<b>Some concern</b> that the saving may not be delivered or there may be a variance in the saving (up to 50%).
<b>Green</b>	<b>Confident</b> that the saving will be delivered (100% forecast).
<b>Blue</b>	Saving already <b>delivered</b> and reversal of previous year savings.

2.2. The decision to rate a project as RED is based on the criteria shown above, which ensures that a common standard across all areas is maintained in the monitoring of savings.

2.3. Outturn savings delivery is shown in Table 2. The outturn position shows a small reduction of £0.062m in savings delivery when compared to the forecast Period 10 position previously reported to Members.

**Table 2: 2018-19 savings by RAG status**

RAG Status	Budgeted value of savings 2018-19	Percentage of total savings value	Previous forecast savings 2018-19 (Period 10)	Savings Outturn 2018-19	Change in savings position	Savings shortfall 2018-19
	(a)	(b)	(c)	(d)	(c)-(d)	(a)-(d)
	£m	%	£m	£m	£m	£m
<b>Red</b>	-0.642	2%	0.000	0.000	0.000	-0.642
<b>Amber</b>	-14.645	49%	-10.051	-9.989	0.062	-4.656
<b>Green / Blue</b>	-14.712	49%	-15.513	-15.513	0.000	0.801
<b>Total</b>	<b>-29.999</b>	<b>100%</b>	<b>-25.564</b>	<b>-25.502</b>	<b>0.062</b>	<b>-4.497</b>

2.4. Two savings projects have been rated as RED, representing a budgeted total savings value of £0.642m. These savings have not been delivered as set out in Table 2. This represents a shortfall of £0.642m (2.1% of total budgeted savings), which relates to RED rated projects.

2.5. Four savings projects have been rated as AMBER, representing a budgeted total savings value of £14.645m. £9.989m of these savings have been



delivered. This results in a shortfall of £4.656m (15.5% of total budgeted savings), which relates to AMBER rated projects.

2.6. Three savings rated as GREEN have delivered £0.801m more than originally planned in 2018-19.

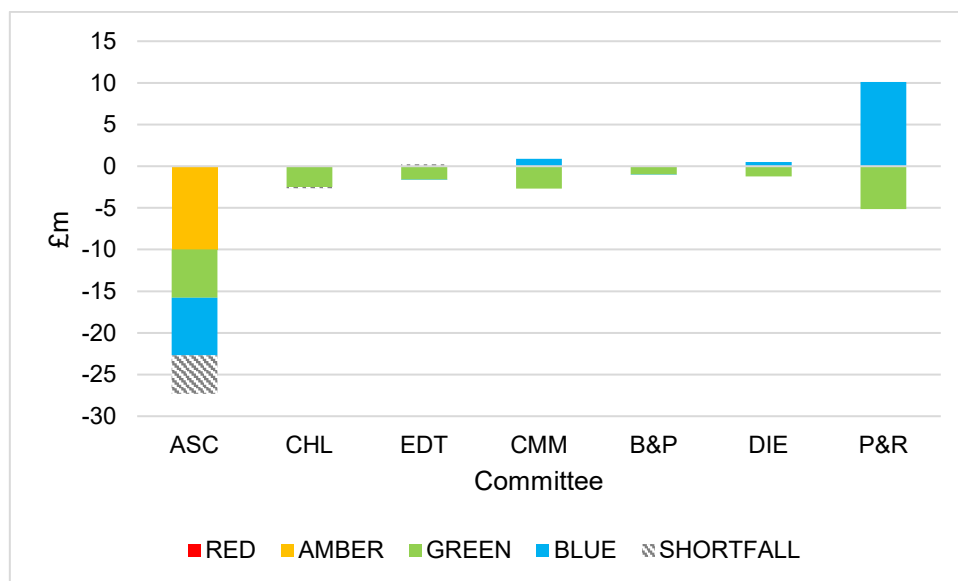
2.7. This results in a **total shortfall in savings delivery of £4.497m** at year end.

2.8. It should be noted that this report presents the savings outturn position for 2018-19 on the previous Committee basis, which reflects and provides comparability with the monitoring undertaken through the year. It is proposed that future reporting to Cabinet of the delivery of savings against the 2019-20 Budget plans will be based on the Departmental structure and incorporated within the overall Finance Monitoring revenue report to Cabinet, starting with the 2019-20 Period 2 position which is due to be reported 15 July 2019.

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

RAG status	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Red	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Amber	-9.989	0.000	0.000	0.000	0.000	0.000	0.000	<b>-9.989</b>
Green / Blue	-12.726	-2.499	-1.660	-1.803	-1.051	-0.726	4.952	<b>-15.513</b>
<b>Total</b>	<b>-22.715</b>	<b>-2.499</b>	<b>-1.660</b>	<b>-1.803</b>	<b>-1.051</b>	<b>-0.726</b>	<b>4.952</b>	<b>-25.502</b>
Savings (shortfall) / over delivery	-4.575	-0.142	0.220	0.000	0.000	0.000	0.000	<b>-4.497</b>
<b>Total</b>	<b>-27.290</b>	<b>-2.641</b>	<b>-1.440</b>	<b>-1.803</b>	<b>-1.051</b>	<b>-0.726</b>	<b>4.952</b>	<b>-29.999</b>

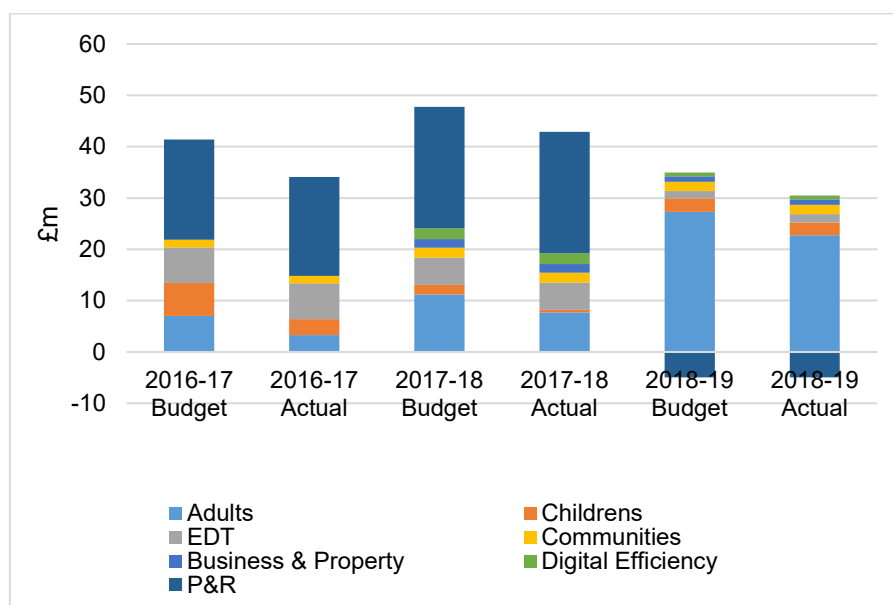
**Figure 1: Committee analysis of 2018-19 savings outturn and RAG status**



### 3. Delivery of savings

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

**Figure 2: Savings targets and actual delivery by Committee**



3.2. The 2018-19 budget report elsewhere on this agenda sets out details of the overall outturn position for the year. Actions have been taken during the year within Service budgets to find offsetting savings to mitigate delay to the achievement of savings described in this report. The non-delivery of savings

in previous years, and a detailed review of the deliverability of planned savings, was taken into account during the preparation of the 2018-19 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2018-19 Budget report to County Council. There remains an ongoing need for both Members and Executive Directors to maintain the focus on the effective delivery of both the previous years' agreed savings and future planned savings. Achievement of planned savings helps to minimise risks to the Council's overall financial position and will support the delivery of the 2019-20 Budget.

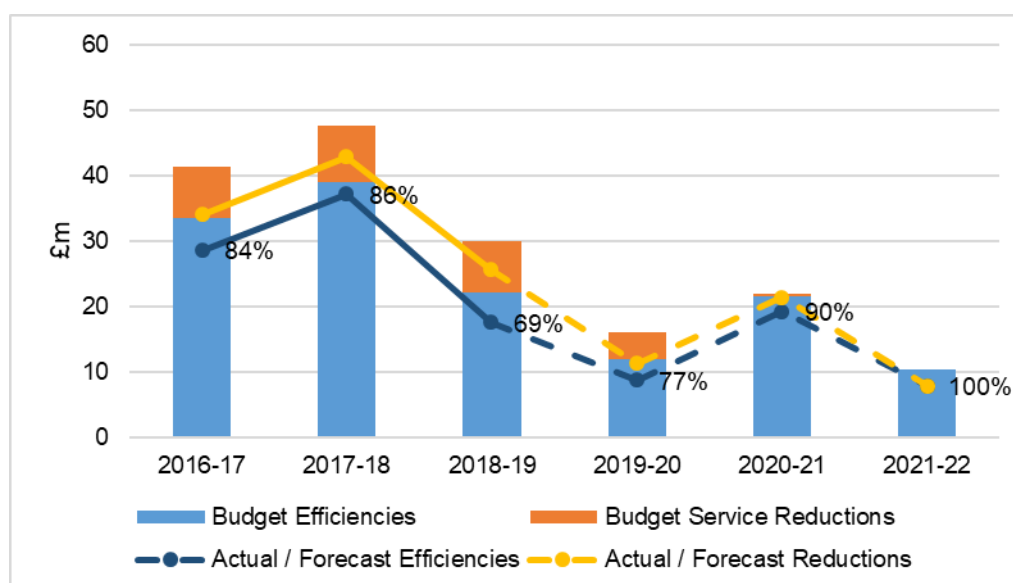
3.3. Planned savings for 2018-19 have been analysed to provide the split between back office savings and those with an impact on front line services as shown in the table below.

**Table 4: Outturn delivery of savings by type**

	2018-19	2019-20	2020-21	2021-22	2018-22 Total
	£m	£m	£m	£m	£m
Efficiency savings and increasing income	-6.445	0.028	-9.223	-7.900	<b>-23.540</b>
Efficiency savings – providing statutory services differently	-11.071	-8.700	-10.000	0.000	<b>-29.771</b>
Reducing service standards and ceasing services	-7.986	-2.535	-2.200	0.000	<b>-12.721</b>
<b>Outturn savings delivery</b>	<b>-25.502</b>	<b>-11.207</b>	<b>-21.423</b>	<b>-7.900</b>	<b>-66.032</b>
(Shortfall) / over delivery	-4.497	-4.950	-0.550	-2.500	<b>-12.497</b>
<b>Total planned savings</b>	<b>-29.999</b>	<b>-16.157</b>	<b>-21.973</b>	<b>-10.400</b>	<b>-78.529</b>

3.4. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2015-16. In 2018-19, 74% of savings were budgeted to be achieved through efficiencies, however the outturn position indicates that 69% of savings were ultimately delivered from efficiencies.

**Figure 3: Savings – support services compared to front line**



#### 4. Commentary on savings rated RED

4.1. Two savings have been rated as RED in respect of 2018-19, representing a savings shortfall of £0.642m within RED rated projects. Commentary on the RED rated savings is provided below.

##### Adults

- Saving ASC008 Promoting Independence – Housing with Care – shortfall £0.500m: The department has developed a business case and revenue model as part of the work of its newly formed Older People Housing Board. This paper was presented at the October Adult Social Care Committee meeting. Through work between internal officers, consultants and external partners, such as the district and borough councils, we will develop new units within Norfolk. This will provide older people in Norfolk a more independent alternative to residential care. The variance in savings delivery is the direct result of the time it takes to develop and build these new units.

##### Children's

- Saving CHL042 Reduction in legal expenses – shortfall £0.142m: There is a shortfall on this saving due to a significant increase in the number of proceedings that have commenced in this financial year compared to 2017-18 and due to the complexity of the case work. However, the service can report that the aims of this saving have been achieved: the management focus on ensuring that legal resource is not used for elements of case preparation that could have been carried out more

efficiently by other teams has been effective, and has resulted in costs being avoided and prevented a further increase in the saving shortfall if this action had not been taken.

## 5. Commentary on savings rated AMBER

5.1. Four savings have been rated as AMBER in respect of 2018-19, representing a savings shortfall of £4.656m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

### Adults

- Saving ASC006/ASC011/ASC015 Promoting Independence for Younger Adults – shortfall **£2.718m**: The department has a structured programme of work to focus on our service offer for people with a Learning Disability (LD), which is held to account by an LD Steering Group and LD Partnership Board. This underpins the work required to implement the LD Strategy. The variance in savings delivery is the direct result of the time it takes to support and promote a person's independence when they have previously been receiving a different type or level of care services. Many of the people who access our services, may well have been in receipt of these services for a significant period. With people who are currently not receiving adult services, but may be supported by Children's or Education services, we are working with our colleagues in Children's Services to develop a new Preparing for Adult Life service.
- Saving ASC006/ASC011/ASC015 Promoting Independence for Older Adults – shortfall **£0.566m**: The department is reformulating its social work offer, starting with its Community Care teams, by implementing a roll-out of the Living Well: 3 Conversations model of social work. The initial Community Innovation sites have seen promising results in terms of outcomes for people and delaying the need for formal care. The variance in savings delivery is the direct result of the time it takes to fully imbed this model and begin to realise the full benefits of the new ways of working.
- Saving ASC013 Radical review of daycare services – shortfall **£1.235m**: As part of the LD strategy, the department will have a revised Day Services offer for people with a Learning Disability. The focus will be on community participation, targeted support (with a skills and employment focus) and locality hubs for those with complex needs. Five providers are running twelve month pilots to help reshape the offer. The variance in savings delivery is the direct result of the time it takes to evolve these services and support and enable existing people accessing the services. Part of the saving also relates to our contract with Independence Matters. We have

now seen some successes in the joint work that has been worked on over the last six months.

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

## 6. Commentary on overachieved savings

### 6.1. Three savings have overachieved by £0.801m in 2018-19.

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

Saving ASC007 Promoting Independence - Reablement – overachievement of **£0.250m**: With our push towards prevention, our expansion of home based reablement and our development of new Accommodation Based Reablement is yielding positive results. As a result, both savings targets have been over-achieved in 2018-19.

Saving ASC033 Accommodation based reablement – overachievement of **£0.331m**: With our push towards prevention, our expansion of home based reablement and our development of new Accommodation Based Reablement is yielding positive results. As a result, both savings targets have been over-achieved in 2018-19.

## 7. 2019-20 to 2021-22 savings

7.1. Budget setting in 2018-19 saw the approval of £16.157m savings for 2019-20, £21.973m for 2020-21 and £10.400m savings for 2021-22. The assumptions relating to these and earlier savings have been reviewed as part of the 2019-20 budget process with the result that budget planning work has identified net adjustments totalling **£5.900m for 2019-20, £1.550m for 2020-21 and £2.500m for 2021-22.**

The following savings are therefore subject to changed assumptions and rescheduling, which is reflected in the Budget report approved by County Council.

- Property savings (£1.500m 2019-20, £1.000m 2020-21, £0.500m 2021-22) – **shortfall** in future year Property savings and income targets. A detailed assessment is being undertaken of the obligations and opportunities within current budget plans.
- CHL041 (£1.700m 2019-20) – **delay** to part of the £3.000m saving from redesign of the Early Childhood and Family Services to 2020-21.
- CHL044 (£1.000m 2019-20, £2.000m 2020-21, £2.000m 2021-22) – **consolidation** of Looked After Children savings. Children's Services LAC savings have been reviewed in budget planning for 2019-20, with these LAC savings now to be fully delivered through the Norfolk Futures Safer Children and Resilient Families Programme.
- P&R098 (£0.750m 2019-20) – **delay** of the Norse dividend saving to 2020-21 to reflect the likely timing of dividend income.

7.2. A number of historic Policy and Resources Committee savings which have previously been delivered through one-off measures (totalling £0.950 in 2019-20 and £1.000m in 2020-21) have been reversed as part of the 2019-20 budget process to ensure that future budgets are robust and deliverable.

## 8. Summary

8.1. The outturn savings position for planned savings shows shortfalls of £4.575m in Adult Social Care and £0.142m in Children's Services. This is partially offset by the over delivery of £0.220m in Environment, Development and Transport. Maintaining a strong focus on the delivery of savings will be critical to supporting the achievement of the Council's budget plans for future years.

## Background Papers

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

Norfolk County Council Revenue and Capital Budget 2018-22 (Item 4, County Council 12 February 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/592/Committee/2/SelectedTab/Documents/Default.aspx>

Norfolk County Council Revenue and Capital Budget 2019-20 to 2021-22 (Item 5, County Council, 11 February 2019)

<https://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1450/Committee/2/SelectedTab/Documents/Default.aspx>

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**Planned savings 2018-22 and 2018-19 outturn**

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
COM040/ ASC003	Transport savings including reducing provision and reducing any subsidy paid by the Council	-0.700	-1.000			-0.700
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway	-5.630	-5.307	-5.000		-3.378
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway	-1.632	-3.393	-5.000		-1.434
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-1.164				-0.698
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway - savings required from reversal of one-off funding in 2017-18	-3.033				-2.665
ASC007	Promoting Independence - Reablement	-0.500				-0.750
ASC008	Promoting Independence - Housing with Care	-0.500	-0.500			0.000
ASC009	Promoting Independence - Integrated Community Equipment Service	-0.250				-0.250
ASC013	Radical review of daycare services	-2.500				-1.265
ASC016- 019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-3.400				-3.400
ASC020	Remodel contracts for support to mental health recovery	-0.275				-0.275
ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-0.230				-0.230
ASC032	Review charging policy to align to actual disability related expenses	-0.400				-0.400

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
ASC033	Accommodation based reablement	-0.550				-0.881
ASC034	Prevent carer breakdown by better targeted respite	-0.686				-0.549
ASC035	Investment and development of Assistive Technology approaches		-0.300	-0.500	-0.700	0.000
ASC036	Maximising potential through digital solutions	-0.049	-0.951	-2.000	-3.000	-0.049
ASC037	Strengthened contract management function	-0.300	-0.300	-0.200	-0.200	-0.300
ASC038	Procurement of current capacity through NorseCare at market value		-0.600	-1.000		0.000
ASC039	Capitalisation of equipment spend	-2.300				-2.300
ASC040	Reduction in funding for invest to save	-0.191				-0.191
ASC041	One-off underspends in 2017-18 to be used to part fund 2018-19 growth pressures on a one-off basis	-3.000	3.000			-3.000
<b>Adults Total</b>		<b>-27.290</b>	<b>-9.351</b>	<b>-13.700</b>	<b>-3.900</b>	<b>-22.715</b>
CHL013	Update our budget for retirement costs for teachers	-0.100				-0.100
CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.309				-0.309
CHL041	Remodel the children's centre service offer	-2.000	-3.000			-2.000
CHL042	Reduction in legal expenses	-0.142	-0.142			0.000
CHL043	Reduce the reliance on agency social workers through the improved permanent recruitment and retention		-0.200			0.000
CHL044	Reduced Looked After Children's costs through implementation of the Demand Management and Prevention Strategy transformation programme		-1.000	-2.000	-2.000	0.000

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
CHL045	Increased income received for Early Years training	-0.090				-0.090
<b>Children's Total</b>		<b>-2.641</b>	<b>-4.342</b>	<b>-2.000</b>	<b>-2.000</b>	<b>-2.499</b>
EDT027	Environment service - Redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns	-0.200				-0.200
EDT028	Intelligent transport systems	-0.085				-0.085
EDT032	Waste Strategy - focussed on waste reduction and minimisation				-1.850	0.000
EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	0.030				0.030
EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17	1.500				1.500
EDT049	Succession of milder winters justifies a reduction in the winter maintenance budget	-0.400				-0.400
EDT050	Improved management of on-street car parking		-0.150	-0.350		0.000
EDT051	Re-profiling the public transport budget	-0.250				-0.250
EDT054	Reducing spend on non-safety critical highway maintenance	-0.200				-0.200
EDT055	Change the construction and demolition waste concession at all recycling centres	-0.280				-0.500
EDT056	Reduce waste reduction activity	-0.150				-0.150
EDT057	Further roll-out of street lighting LEDs	-0.160	-0.160			-0.160
EDT059	Changing back office processes and efficiency	-0.085				-0.085
EDT060	Capitalisation of activities to release a revenue saving	-1.065				-1.065

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.095				-0.095
<b>Environment, Development and Transport Total</b>		<b>-1.440</b>	<b>-0.310</b>	<b>-0.350</b>	<b>-1.850</b>	<b>-1.660</b>
CMM022	Libraries and Information Service - re-model of service and income generation	-0.387	-0.235			-0.387
CMM023	Fire and Rescue Service - sharing headquarters and control room at Police HQ and capitalisation of activities to release a revenue saving	-0.490				-0.490
CMM036	Registration Service income generation - develop business opportunities within the service to generate additional income.	-0.080				-0.080
CMM039	One-off saving through re-setting budgets for leased equipment	0.090				0.090
CMM040	Capitalisation of library books 16-17	1.000				1.000
CMM042	Providing a joined up Library and Children's Centre Services			-0.500		0.000
CMM043	Income generation – Norfolk Museums Service	-0.070		-0.400		-0.070
CMM044	Income generation – Norfolk Records Office	-0.030				-0.030
CMM045	Income generation – Norfolk Community Learning Services			-0.125		0.000
CMM046	Income generation – Library and Information Service		-0.020	-0.111		0.000
CMM047	Registrars Service – external income	-0.120	-0.100	-0.150		-0.120
CMM048	Changing back office processes and efficiency	-0.043				-0.043
CMM049	Vacancy management and streamlined management arrangements – museums and historic environment	-0.025				-0.025
CMM050	Vacancy management – customer services	-0.120	-0.030			-0.120

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
CMM051	Norfolk Community Learning Services – remodelling the staff structure, including staffing reduction	-0.150	-0.050			-0.150
CMM052	Capitalisation of activities to release a revenue saving	-0.030				-0.030
CMM053	Reduction in Healthwatch grant	-0.189				-0.189
EDT058	Vacancy management and streamlined management arrangements	-0.159				-0.159
CMM054	Using Public Health Grant funding to support the delivery of Public Health activity throughout the Authority	-1.000		-1.500	-1.500	-1.000
<b>Communities Total</b>		<b>-1.803</b>	<b>-0.435</b>	<b>-2.786</b>	<b>-1.500</b>	<b>-1.803</b>
EDT020	Economic development match funding - Cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities.	-0.051				-0.051
P&R027 /P&R058 /P&R060	Property savings 2017-20 Budget	-0.400	-1.000	-0.650	-0.650	-0.400
B&P001	Property – return from property development company – Repton Property Developments Ltd		-0.500	-1.000	-0.500	0.000
B&P002	Property – further centralisation of existing property budgets	-0.400	-0.400	-0.400		-0.400
B&P003	Property – seeking opportunities to reduce fees paid to NPS	-0.100	-0.100			-0.100
B&P004	Property – reducing facilities management costs	-0.075	-0.075			-0.075
B&P005	Economic Development - Closer/joint working with New Anglia Local Enterprise Partnership	-0.025				-0.025
<b>Business and Property Total</b>		<b>-1.051</b>	<b>-2.075</b>	<b>-2.050</b>	<b>-1.150</b>	<b>-1.051</b>
EDT048	Use of Better Broadband Reserves	0.500				0.500

Ref	Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2018-19 Outturn £m
P&R050/ P&R062/ P&R063/ P&R064	2017-20 budget round savings relating to IMT (Finance and Commercial Services)	-1.226				-1.226
P&R082	Release ICT lease budget no longer required		-0.059			0.000
DIE001	IMT – various savings within IMT including: · Exit from the HPE contract · Restructuring and headcount reduction (management and technical support costs) · Income generation, particularly services for schools		-0.941	-0.700		0.000
<b>Digital Innovation and Efficiency Total</b>		<b>-0.726</b>	<b>-1.000</b>	<b>-0.700</b>	<b>0.000</b>	<b>-0.726</b>
P&R050 /P&R062 /P&R063 /P&R064	2017-20 budget round savings relating to Procurement (FCS)	-0.063				-0.063
P&R051	Raising revenue by an increased ESPO dividend	-0.100				-0.100
P&R052	Cutting costs through efficiencies: work across Teams to deliver reductions in cost and headcount over two years	-0.500				-0.500
P&R066	Second Homes income	-0.722				-0.722
P&R076	Insurance Fund contribution	1.350				1.350
P&R077	Implementation of Minimum Revenue Provision policy	0.136	0.290			0.136
P&R078	Remove use of capital receipts in 17-18 to repay debt	4.000				4.000
P&R081	Remove one-off use of reserves to be identified in June 2017	5.813				5.813
P&R083	Nplaw services - external income	-0.100	-0.100	-0.150		-0.100
P&R084	Internal Audit - income generation	-0.010				-0.010
P&R085	Finance service - income generation	-0.050				-0.050
P&R086	Coroners relocation to County Hall		-0.042	-0.050		0.000

Ref	Description	2018-19	2019-20	2020-21	2021-22	2018-19 Outturn
		£m	£m	£m	£m	£m
P&R087	Reduce the budget for the Equality and Diversity Team which is spent on supporting community events	-0.025				-0.025
P&R088	Coroners mortuary facilities	-0.025	-0.025			-0.025
P&R090	Finance Exchequer Services savings	-0.300	-0.060			-0.300
P&R091	Procurement - capitalisation	-0.050				-0.050
P&R092	Finance service - vacancy review	-0.100				-0.100
P&R093	Use of general capital receipts in 18-19 to repay debt	-2.000	2.000			-2.000
P&R094	Use of airport deferred capital receipts in 18-19 to repay debt	-0.840	0.840			-0.840
P&R095	Second homes council tax		-0.722			0.000
P&R096	Increased ESPO dividend	-0.200				-0.200
P&R098	Increased NORSE dividend	-0.250	-0.750			-0.250
P&R099	Managing Director's Department savings to be identified including use of one-off reserves in 2018-19	-0.574	-0.075	-0.187		-0.574
P&R100	Second Homes NIF	-0.438				-0.438
<b>Policy and Resources Total</b>		<b>4.952</b>	<b>1.356</b>	<b>-0.387</b>	<b>0.000</b>	<b>4.952</b>
<b>Norfolk County Council Total</b>		<b>-29.999</b>	<b>-16.157</b>	<b>-21.973</b>	<b>-10.400</b>	<b>-25.502</b>

<b>Report title:</b>	<b>Strategic and Financial Planning – business planning and Budget 2020-21</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Andrew Proctor, Leader of the Council Andrew Jamieson, Cabinet Member for Finance</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services Fiona McDiarmid, Executive Director of Strategy and Governance</b>

### **Executive Summary/Introduction from Cabinet Member**

This report provides an overview of the Council's overall gap position as set out in the Medium Term Financial Strategy agreed by Full Council in February 2019 and the latest information about the wider financial forecasts for the Council. It also describes the approach to business planning in 2020-21 alongside a summary of key areas of risk and uncertainty.

This information will collectively inform the development of the Council's 2020-21 Budget and Cabinet is therefore asked to agree the Council's proposed budget planning process for 2020-21.

### **Recommendations**

1. To note the overall budget gap of £70.857m as reported to County Council, and the indicative £40m gap for 2020-21 (table 1 and paragraph 2.6).
2. To consider the key budget risks and uncertainties as set out in this report.
3. To agree the proposed approach to service planning (as set out in section 3) and budget setting (section 4) including:
  - a. the allocation of savings targets into three blocks;
  - b. the indicative allocation of savings to Departments;
  - c. the outline timetable and process for 2020-21 Budget setting; and
  - d. the proposal to defer allocating the 2021-22 gap until further details of funding are known.
4. To comment and advise on the areas under consideration as set out in the summary of initial savings proposals being developed through Business Transformation, Corporate Finance, and Service Departments to support in closing the budget gap for 2020-21 (section 5).



## 1. Background and Purpose

- 1.1. On 11 February 2019, the County Council agreed a balanced 2019-20 Budget but a gap remained in the following two years of the Medium Term Financial Strategy (MTFS) of £70.857m, which is roughly evenly split at £35m per annum. County Council therefore also agreed the objective of identifying further funding or savings for 2020-21 and 2021-22 to produce a balanced budget in all years 2019-22.
- 1.2. The tables below summarise the final approved budgets by Service Department over the MTFS period, and the current level of planned savings to be delivered.
- 1.3. **Table 1: MTFS net budget by Service Department 2019-20 to 2021-22**

	2019-20	2020-21	2021-22
	£m	£m	£m
Adult Social Care	247.606	261.934	273.061
Children's Services	211.667	222.096	226.933
Community and Environmental Services	160.712	164.176	166.667
Strategy and Governance Department	8.657	8.881	9.135
Finance and Commercial Services	26.395	25.260	25.245
Finance General <sup>1</sup>	-245.745	-225.712	-193.458
<b>Total</b>	<b>409.293</b>	<b>456.635</b>	<b>507.583</b>
Council tax income (forecast)	-409.293	-420.749	-436.726
<b>Gap</b>	<b>0.000</b>	<b>35.886</b>	<b>70.857</b>

- 1.4. The current MTFS assumes council tax increases of 1.99% in 2020-21 and 2021-22, reflecting the expected referendum limit of 2%. No increases in Social Care Precept have been assumed as the Government has not indicated whether this flexibility will be extended beyond the 2016-17 to 2019-20 period.
- 1.5. The Budget report to County Council in February 2019 identified that in the event of an increase in the referendum limit, or given the scope to further increase the Adult Social Care precept, it would be highly likely that the Section 151 Officer would recommend the maximum available council tax be raised in future years. In view of the Council's wider financial position and the overall funding context for local government, these considerations remain relevant and the Section 151 Officer's advice is unchanged.

<sup>1</sup> Finance General is a corporate budget which includes council wide income and expenditure. Assumed reductions in core government funding, and cost pressures relating to the Minimum Revenue Provision, mean that the overall net income position of this budget is reducing over the period of the MTFS.

1.6. **Table 2: MTFS planned savings by Service 2019-20 to 2021-22**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2019-22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Care	17.894	17.257	5.700	<b>40.851</b>
Children's Services	6.822	3.484	2.000	<b>12.306</b>
Community and Environmental Services	3.891	3.707	3.390	<b>10.988</b>
Strategy and Governance Department	0.931	-0.963	0.000	<b>-0.032</b>
Finance and Commercial Services	0.945	1.750	0.650	<b>3.345</b>
Finance General	1.122	5.847	5.000	<b>11.969</b>
Savings total	<b>31.605</b>	<b>31.082</b>	<b>16.740</b>	<b>79.427</b>

1.7. This report provides the latest update on the Council's business and budget planning position for 2020-21 and further details of the process for developing departmental plans and savings proposals to deliver a balanced budget for the year.

1.8. The MTFS makes a considerable number of assumptions around government grant levels the council will receive. The two main assumptions are:

- Phasing out of Revenue Support Grant over three years (circa £13m reduction per annum).
- Complete reversal of the 2019-20 Social Care monies in 2020-21 (£11m).

1.9. Given these assumptions, the actual level of savings that the Council could need to find could vary significantly, as shown in the sensitivity analysis below for 2020-21.

1.10. **Table 3: Budget gap sensitivity analysis**

	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Base case saving requirement (2020-21 MTFS gap)	-35.886	-35.886	-35.886	-35.886	-35.886
<i>Scenario:</i>					
Social Care Grant continues	11.317				11.317
RSG 100% reduction in 2020-21		-25.874			
RSG 50% reduction in 2020-21			-6.468		
RSG 0% reduction in 2020-21				12.937	12.937
<b>Potential required saving gap 2020-21</b>	<b>-24.569</b>	<b>-61.760</b>	<b>-42.354</b>	<b>-22.950</b>	<b>-11.633</b>

## 2. National developments

2.1. It was anticipated that some further clarity about future funding would be provided by the Chancellor in the **2019 Spring Statement**, which was announced on 13

March 2019. A Treasury summary of the announcements can be found here: <https://www.gov.uk/government/news/spring-statement-2019-what-you-need-to-know>. The Chancellor also made a written ministerial statement: <https://www.gov.uk/government/publications/spring-statement-2019-written-ministerial-statement>.

- 2.2. The Chancellor had previously reserved the right to upgrade the Spring Statement to a full “fiscal event” but in the event chose not to do this. As such the Spring Statement was essentially an update on the overall UK economy as informed by the Office for Budget Responsibility’s (OBR) forecasts and there were no major tax or spending changes. The Spring Statement was predicated on an EU exit deal being agreed.
- 2.3. The key announcement by the Chancellor was to confirm that the Government intends to hold a **Spending Review** which will be launched before the summer recess and will conclude alongside the Autumn Budget. This will set departmental budgets for the next three years, subject to an EU exit deal being agreed. The Chancellor indicated average real terms increases in departmental spending of 1.2% annually. The effect of this for other departments will be impacted by the Government’s funding commitments to the NHS, although the Chancellor made reference to social care and schools in his speech. The Chancellor continued to anticipate a “deal dividend” providing the opportunity for “real choices” in the Spending Review. The Spending Review will also include a zero based review of capital spending to set multi-year capital budgets.
- 2.4. Since the Spring Statement announcement, the Government has obtained an extension to the deadline for the UK to leave the EU until the 31 October 2019. The Chancellor has repeatedly indicated that in the absence of a clear solution, or in the event of a disorderly exit from the EU, it is likely that there would be a one-year Spending Review only. At the time of writing, the way forward on the UK’s withdrawal from the EU and hence the implications for the Spending Review, remain unclear.
- 2.5. The written statement published alongside the Spring Statement also announced or confirmed:
  - £6.1m from the Transforming Cities Fund for Tranche 1 schemes.
  - £8m for Norfolk for Local Full Fibre Networks.
- 2.6. Following the Spring Statement, it remains the case that the Council will not know its detailed funding position for 2020-21 until Autumn 2019 at the earliest. It therefore continues to be appropriate to plan for a slightly higher level of savings than our base case assumptions in the MTFs. In line with Policy and Resources budget papers<sup>2</sup>, a target of circa £40m has been proposed for 2020-21 to both reduce the risks to savings delivery and to provide Members with options to close the budget gap.
- 2.7. The **Housing, Communities and Local Government Select Committee** is in the process of undertaking an inquiry into local government finance which will consider how effective the existing funding set-up for local government is in providing

<sup>2</sup> 28 January 2019 Policy and Resources Committee, Strategic and Financial Planning 2019-20 to 2021-22 and Revenue Budget 2019-20, paragraph 14.6.

resources to meet need and demand for local services both now and in the future. The County Council has submitted evidence to the inquiry, calling for any changes to the local government funding system to be designed to ensure that:

- The quantum of funding within the new system following the Spending Review is adequate.
- The resources provided within the new system are capable of keeping pace with demand growth after 2020-21.
- Social care (Adults and Children's) is placed on a sustainable financial footing and the importance of funding for preventative activities is recognised.
- The costs associated with rurality and sparsity are adequately recognised.
- Transition arrangements are fair, appropriate, and seek to transition local authorities to the new funding allocations as fast as possible while simultaneously protecting those which experience a reduction over an appropriate timescale to ensure that no authority is placed in an unsustainable financial position as a result of the new funding system.
- Reliable indications of funding levels from 2020-21 for the medium term are provided as early as possible to support robust and sustainable budget planning activity.

- 2.8. The Chartered Institute of Public Finance and Accountancy (CIPFA) has recently closed a consultation on a draft **Financial Management Code** (FM Code), intended to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code identifies a collective responsibility of elected members, the chief finance officer and the Council's wider leadership team to demonstrate that the requirements of the FM Code are being satisfied. The FM Code will be applied in relation to the 2020-21 Budget and will include a requirement for longer term budget planning considerations to be reflected in the budget process. Any changes required to ensure compliance with the Code will be incorporated later in the planning process when the final version of the Code is published and these requirements have been confirmed.

### 3. Business Planning

- 3.1. Caring for our County, the vision for Norfolk<sup>3</sup>, approved by Members in February 2018, outlines the Council's commitment to playing a leading role in:

- Building communities we can be proud of;
- Installing infrastructure first;
- Building new homes to help young people get on the housing ladder;
- Developing the skills of our people through training and apprenticeships;
- Nurturing our growing digital economy; and
- Making the most of our heritage, culture and environment.

<sup>3</sup> <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/vision-for-norfolk-in-2021.pdf?la=en&hash=CB6D42C3DCE39C4CC2C27827567419066D542DAF>

- 3.2. The Council's plan, "*Together for Norfolk – an ambitious plan for our County 2019-2025*"<sup>4</sup> focuses on inclusive growth and on improving social mobility. These themes are already known and well-supported by the local government system in Norfolk, through the newly formed Inclusive Growth Coalition, and the New Anglia Local Enterprise Partnership. This plan will enable Norfolk County Council to play a leading role in creating the appropriate conditions for inclusive growth and improved social mobility.
- 3.3. The County plan brings together the vision, strategy and values of the County Council and provides a whole-council view of significant activity that the council needs to deliver alone or with partners, for the next six years, which also support delivery of the MTFS and the strategic themes and goals. Together with the Norfolk Futures Transformation programme, the plan forms the basis for service design and delivery. Significant activities include, large scale service change or redesign, infrastructure, assets and technology, including capital programmes or projects, strategy or policy development.
- 3.4. The Council has established a planning framework and guidelines which inform the development of Service Plans
- 3.5. "Together, for Norfolk" supports and is aligned to our Medium Term Financial Strategy to ensure continued visibility and oversight of critical strategic initiatives (for example, £120m capital investment in complex needs schools).
- 3.6. The plan does not contain day-to-day essential service delivery, which will continue to be captured in departmental and team plans. Departmental and team plans will be owned by Directorates who will be responsible for their development and delivery, together with respective Cabinet Members.
- 3.7. It will be underpinned by a number of corporately significant vital signs (or key performance indicators) to be agreed as part of the Council's performance management framework, which will be designed over the next 6-9 months.
- 3.8. The plan will form part of the County Council's Policy Framework.
- 3.9. Service planning cannot be separated from financial planning, and is a vital part of the planning and performance management framework which links corporate priorities through to individual performance plans. Service Plans need to be:
- The critical route map to ensure achievement of the outcomes prioritised by the Council;
  - The narrative which describes how a service will look and be delivered as a result of transformation or reallocated resources;
  - A way by which managers and the whole Council can focus on improvement and performance management;
  - A tool through which community needs can be outlined and addressed by services;
  - A key aid in identifying resource needs and risks to planned service levels and improvements; and
  - A way to identify partnership related action

<sup>4</sup><https://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1452/Committee/2/SelectedTab/Documents/Default.aspx> (Agenda item 15)

## 4. Proposal

- 4.1. In recent years the standard approach taken to budget setting has been to allocate budget savings in proportion to net budgets, adjusted for budgets which are not “controllable” (for example Public Health grant, capital charges). The proposal for the 2020-21 process is to adopt a slightly different approach, based on three key “building blocks” as shown in the table below.

### 4.2. Table 4: Allocation of 2020-21 saving targets

Block	1: Business Transformation	2: Corporate Finance	3: Departmental Target
Target	£10m	£10m	£20m
Allocation	Review of non-frontline expenditure across the authority focussing on: <ul style="list-style-type: none"> <li>• Smarter working</li> <li>• Contract compliance and optimisation</li> <li>• Buildings rationalisation</li> <li>• Collaborative operating model</li> <li>• Inward corporate funding</li> <li>• Digital Norfolk</li> <li>• Traded services</li> <li>• Local Service Strategy (multifunction centre element)</li> </ul>	Review of Finance General budgets and central financing costs.	Allocation to departments in line with net “controllable” budgets. Indicative 2020-21 targets subject to confirmation: <ul style="list-style-type: none"> <li>• Adults <b>£9.0m</b></li> <li>• Children’s <b>£4.5m</b></li> <li>• Community and Environmental Services <b>£5.0m</b></li> <li>• Strategy and Governance <b>£0.5m</b></li> <li>• Finance and Commercial Services <b>£1.0m</b></li> </ul>

- 4.3. In view of the lack of information about funding allocations for 2021-22, it is recommended that the process to address the 2021-22 gap of £34.971m will need to be further considered later in 2019 when there may be greater certainty about the outcomes of the Spending Review and Fair Funding Review. In this context it is proposed that it would be appropriate to hold the £35m 2021-22 budget gap centrally to be addressed later in the 2020-21 Budget process.
- 4.4. The timetable below sets out a process for the development of proposals to address these targets for approval by Cabinet. The timetable also outlines how this sits alongside the framework for service planning which complements the development of budget proposals. This reflects a process to develop and scrutinise proposed savings for the 2020-21 Budget which will involve review of saving proposals by Cabinet and launch of consultation activity in October, with the findings of public consultation being available for consideration in January to inform final budget decisions as usual. An outline timetable is set out below, with full details in Appendix 1.

20 May	<ul style="list-style-type: none"> <li>• <b>Cabinet</b> considers 2020-21 budget position and agrees allocation of savings required and framework for service planning.</li> </ul>
May to September	<ul style="list-style-type: none"> <li>• Development of saving proposals for 2020-21.</li> <li>• Development and update of "Plans on a Page".</li> </ul>
7 October	<ul style="list-style-type: none"> <li>• <b>Cabinet</b> considers 2020-21 savings proposals, service plans, and agrees savings for consultation.</li> </ul>
October to November	<ul style="list-style-type: none"> <li>• Public consultation on 2020-21 Budget proposals.</li> </ul>
TBC	<ul style="list-style-type: none"> <li>• Reporting to <b>Cabinet</b> in Nov/Dec as appropriate when details of Autumn Budget / Spending Review / Fair Funding / 75% Business Rates available.</li> </ul>
5 December	<ul style="list-style-type: none"> <li>• Government's target date for provisional Local Government Finance Settlement.</li> </ul>
13 January 2020	<ul style="list-style-type: none"> <li>• <b>Cabinet</b> recommends 2020-21 Budget and council tax to County Council.</li> <li>• <b>Cabinet</b> agrees Departmental Plans.</li> </ul>
28 January	<ul style="list-style-type: none"> <li>• <b>Scrutiny Committee</b> - potential scrutiny of 2020-21 budget proposals, consultation and EQIA.</li> </ul>
17 February	<ul style="list-style-type: none"> <li>• <b>County Council</b> agrees 2020-21 Budget and council tax.</li> </ul>

## 5. Impact of the Proposal

- 5.1. This paper sets out details of the proposed outline timetable and approach to the Council's budget planning process for 2020-21. The proposals in this report will ultimately help to:
- set the context for service financial planning for the year to come;
  - assist the Council in managing the significant uncertainty around the Fair Funding Review; and
  - contribute to the Council setting a balanced budget for 2020-21.
- 5.2. Initial work is underway across the Council to develop new saving proposals to help to deliver the targets identified as follows. These proposals will impact upon the nature and type of services delivered by the Council, as well as delivering transformation to underlying Council structures and operating models.

- 5.3. **Business Transformation (£10.0m target)**  
The programme areas have been shaped in high level detail and business leads have been allocated to each programme area. Initial indicative savings estimates are being developed and work is underway to establish in which financial year savings will be realised as some are related to longer term activity. Business leads are currently working on developing the detail, project plan, and timescales for each programme area and will validate indicative savings as part of this exercise.
- 5.4. **Corporate Finance (£10.0m target)**  
Work is underway in conjunction with the Pension Fund actuary to explore opportunities to deliver a contribution towards the savings requirement through an assessment of the Council's pension position and the level of required contributions. In addition, options arising from Business Rates and Council Tax will be examined to support in closing the overall gap.
- 5.5. **Adult Social Services (£9.0m target)**  
Opportunities to deliver additional savings in 2020-21 are being explored. The approach has been shaped recognising the existing planned savings total for 2020-21 of £17m (see Table 2) and expected risks. Proposals are predominately focused on expanding the scope and scale of preventative services – 30% increase in reablement, expansion of accommodation based reablement (ABR), extending ABR to support people with higher needs or dementia; extending Homes for Norfolk to working age adults and falls prevention; but also strengthening market opportunities through exploring preferred provider blocks for residential care and seeking some strategic joint commissioning with health for nursing care.
- 5.6. **Children's Services (£4.5m target)**  
Based on existing transformation trajectories, Children's Services expect the transformation programme to deliver additional net cashable savings in 2020-21, with further savings anticipated in 2021-22 and beyond. A review is currently underway of trajectories using 2018-19 full year data. This intelligence, combined with a review of the expected impact of interventions following recent programme developments, will be used to inform Children's Services budget planning proposals.
- Work is also underway to consider and develop additional proposals; this is at an early stage and ideas are being considered as part of the overall programme. The department's focus is upon transformational change that will improve outcomes through better use of resources, with a view to avoiding the cutting of services that will lead to longer-term pressures or will undermine the overall transformation programme.
- 5.7. **Community and Environmental Services (£5.0m)**  
The department has identified a number of proposals from initial discussions and development of new ideas. These have been RAG rated with the majority being red or amber at this stage. Work is underway across the department to identify options to address the remaining target and this constitutes a significant challenge in view of the available budgets that may have capacity to contribute.
- 5.8. **Strategy and Governance (£0.5m)**  
Work to develop options within the Strategy and Governance Department is underway and will include a review of the Collaborative Operating Model, which



will involve utilising design principles and capability gap knowledge and focusing on integrated working, better communications, agile working and a consistent and coherent action team approach.

**5.9. Finance and Commercial Services (£1.0m)**

Proposals to achieve savings across Finance and Commercial Services are now being developed focussing on detailed reviews of budget assumptions, levels of fees and charges, and existing contracts. In addition, work is continuing to quantify the savings achievable within IMT activities, building upon the savings already achieved from additional income generation, the use of a clearly defined capitalisation programme, and opportunities to make further savings from contracted services such as Voice and Data.

**6. Evidence and Reasons for Decision**

- 6.1. As set out elsewhere in this report, there is an almost unprecedented level of uncertainty about Government funding from 2020-21 and many of the wider assumptions underpinning the Council's MTFS. The Council therefore needs a robust approach to planning the 2020-21 Budget which also offers flexibility to respond to any changes in the wider environment and operating context.
- 6.2. It is also the case that the level of savings required for 2020-21, when coupled with the existing savings planned from the 2019-22 MTFS, would be difficult to achieve from Service budgets in isolation. The proposed process recognises this by retaining a significant, but realistic, element of the target corporately.
- 6.3. This reflects a prudent response to the challenges and uncertainties present in the 2020-21 planning process and will ultimately enable the Council to develop a robust budget for the year.

**7. Alternative Options**

- 7.1. This report sets out a framework for developing detailed saving proposals for 2020-21 and at this stage no proposals have been agreed, meaning that a range of alternative options remain open. To inform the direction of budget development, Cabinet's views are therefore sought on the initial areas for savings under consideration as described in section 5 above.
- 7.2. In addition, there are a number of areas where Cabinet could choose to consider different parameters for the budget setting process, such as:
- Adopting an alternative allocation of targets between services, or retaining a higher or lower target corporately.
  - Considering an alternative timetable within the time constraints required to develop proposals, undertake public consultation, and meet statutory deadlines for the setting of council tax.
  - Changing assumptions within the MTFS (including the level of council tax) and therefore varying the level of savings sought.

## **8. Financial Implications**

- 8.1. This paper sets out a detailed timetable for the 2020-21 Budget process including the indicative savings targets which will need to be found by each department to contribute to closing the 2020-21 budget gap, subject to formal approval by Cabinet in May 2019.
- 8.2. In the event that additional budget pressures for 2020-21 emerge through budget planning, there may be a requirement to revisit the indicative saving targets for 2020-21 shown in the table 4 above during the planning process.
- 8.3. However, subject to the outcome of the Spending Review and any associated announcements, there may alternatively be some scope for proposals identified for 2020-21 to be deferred to help address the budget gap in 2021-22 and this will need to be kept under review throughout the budget process.
- 8.4. Other financial implications have been described throughout the report.

## **9. Resource Implications**

### **9.1. Staff:**

There are no direct implications arising from this report although there is a potential that staffing implications may arise linked to specific saving proposals developed. These will be identified as they arise later in the budget planning process.

### **9.2. Property:**

There are no direct property implications arising from this report although existing saving plans include activities linked to property budgets and assumptions around capital receipts to be achieved. In addition, activities planned within Business Transformation will include further work to deliver property related savings.

### **9.3. IT:**

There are no direct IT implications arising from this report although existing saving plans include activities linked to IMT budgets. In addition, activities planned within Business Transformation will include further work to deliver savings through activity related to digital and IT initiatives.

## **10. Other Implications**

### **10.1. Legal Implications:**

This report sets out a process that will enable the Council to set a balanced budget for 2020-21 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.

### **10.2. Human Rights implications**

No specific human rights implications have been identified.

### **10.3. Equality Impact Assessment (EqIA)**

Any saving proposals with an impact on service delivery will require public consultation and an Equality and Rural Impact Assessment of all proposals will need to be completed as part of budget-setting in due course. The results of public

consultation and the findings of all EqlAs will be presented to Cabinet in January 2020 in order to inform budget recommendations to County Council.

No specific EqlA has been undertaken in respect of this report.

## **11. Risk Implications/Assessment**

- 11.1. A number of risks have been set out throughout this report. Significant risks around budget setting were also detailed in the 2019-20 budget papers to County Council<sup>5</sup> and these will continue to apply in 2020-21.
- 11.2. There remains considerable uncertainty about the level of funding reduction that will be faced in 2020-21, although any over-identification of savings for 2020-21 will support in addressing the 2021-22 saving gap.
- 11.3. The Council's risk register also details key financial risks in this area, and actions in place to address them. These Corporate risks include:
- RM002 - The potential risk of failure to manage significant reductions in local and national income streams.
  - RM006 - The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018-19 to the end of 2020-21.

## **12. Select Committee comments**

- 12.1. None.

## **13. Recommendation**

- 13.1. Cabinet considers the recommendations as set out in the Executive Summary.

## **14. Background Papers**

- 14.1. Caring for our County, the vision for Norfolk: [Link](#)  
County Council's plan for Norfolk 2019-2025: [Link](#)  
County Council Budget 2019-20, 11 February 2019: [Link](#)

## **Officer Contact**

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

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

<sup>5</sup><https://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1450/Committee/2/SelectedTab/Documents/Default.aspx>

## Detailed Budget Planning Timetable 2020-21

Activity/Milestone	Time frame
<b>Cabinet</b> review of the financial planning position for 2021-23 – including formal allocation of targets	20 May 2019
Service review of budget pressures and development of detailed savings proposals 2020-23 Development of “Plans on a Page”	May – September 2019
Spending Review to be launched	TBC Summer 2019
Social Care Green Paper	TBC 2019
<b>Cabinet</b> considers full savings proposals and agrees proposals for public consultation	7 October 2019
Development of full Departmental Plans	September to December 2019
Public consultation on 2020-21 Budget proposals and council tax options	Mid-October to mid-December 2019
Further indicative details of Fair Funding Review and Business Rates Retention may be released	TBC Autumn 2019
Chancellor’s Autumn Budget 2019 – including outcomes of Spending Review	TBC October / November 2019
Reporting to Cabinet as appropriate	November – December 2019
Provisional Local Government Finance Settlement announced including outcomes of Fair Funding Review and provisional council tax and precept arrangements	TBC 5 December 2019
<b>Cabinet</b> considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	13 January 2020
Final Local Government Finance Settlement	Late January / February 2020
Scrutiny Committee 2020-21 Budget scrutiny	28 January 2020
Confirmation of District Council tax base and Business Rate forecasts	31 January 2020
<b>County Council</b> agrees Medium Term Financial Strategy 2020-21 to 2022-23, revenue budget, capital programme and level of council tax for 2020-21	17 February 2020

# Report to Cabinet

Item No. 10

<b>Report title:</b>	<b>Human Resources and Finance System Transformation Project</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Andrew Proctor, Leader and Cabinet Member for Strategy &amp; Governance.</b>
<b>Responsible Director:</b>	Executive Director of Strategy and Governance  Executive Director of Finance and Commercial Services

## Executive Summary/Introduction from Cabinet Member

The County Council's current core and peripheral Human Resources (HR) and Finance Systems<sup>1</sup> have been in place for 14 years and in their current form constrain the transformation of services and delivery of savings. It is recognised that in the near-term they will have to be replaced as legacy systems that are no longer fit for purpose. A project to replace them with an integrated system is estimated to cost in the region of £13.2m. By replacing the systems and transforming processes, it is estimated that from 2022/23 (post implementation) net 10-year savings of £20m could be realised, with further potential savings of up to an additional £11m over that 10-year period being enabled as part of wider business transformation programmes.

## Recommendations

A 6-month discovery phase exploring options for the HR and Finance System Transformation has been completed. The brief was to conduct a rigorous, evidence-based assessment of options, produce a business case and to understand the detailed costs, benefits and funding streams for a replacement project. The business case considered four options:

0. "Do Nothing"
1. "Enhanced As Is"
2. "Integrated Enterprise Relationship Planning (ERP<sup>2</sup>) system"
3. "Two separate specialist systems"

The business case concluded that:

1. The systems as they stand **constrain transformation** of services and delivery of savings – a new approach is essential to provide a key enabler for the Business Transformation programme and associated savings and benefits;
2. In the near-term, the current core HR and Finance system will **have to be**

<sup>1</sup> The current systems comprise a core integrated Oracle product, that has been in place for 14 years, and a range of separate peripheral systems, with varying degrees of interoperability.

<sup>2</sup> Enterprise resource planning (**ERP**) "is defined as the ability to deliver an integrated suite of business applications. ERP tools share a common process and data model, covering broad and deep operational end-to-end processes, such as those found in finance, HR, distribution, manufacturing, service and the supply chain." ([Gartner IT Glossary](#))

**replaced** as a legacy system that is no longer fit for purpose, and the market tested to assure most effective value for money;

3. Of the available options to provide an HR and Finance system, an **integrated ERP approach** is considered the best fit to the Council's current and future (10 year) strategic requirements;
4. A cloud-based system is an application that is made available to users on demand via the internet from a cloud computing provider's server. One advantage of a cloud-based application is that enhancement to the functionality is available, usually on a quarterly basis. This allows systems to remain current whereas the more traditional "on-premise" applications will quickly fall behind and require less frequent, but much more complex, upgrades. A cloud-based system is therefore recommended;
5. A replacement project is estimated to **cost** in the region of £13.2m. Further, it is also estimated that from 2022/23, post implementation, net 10-year **savings** of £20m could be realised, after the recovery of the £13.2m project cost, with further potential savings of up to an additional £11m over that 10-year period being enabled as part of wider business transformation programmes;
6. The savings and business efficiency benefits can only be achieved with a high level of **organisational readiness**, including the policy to 'adopt not adapt'<sup>3</sup> the system, the willingness to critically review and re-engineer business processes, with the time and resources to support the implementation;
7. The transformed processes will be key enablers to other transformation programmes, adding to the benefits and savings that those programmes are intending to realise by releasing manager capacity, and automating some processes that currently are either manual or less efficient than they might be;
8. Our analysis suggests that the savings and business efficiency benefits may also depend on additional **advanced analytics** functionality, the cost of which has been factored into project cost estimates; The advanced analytics platform will allow for predicting trends and providing real-time analysis to answer targeted questions to make quicker business decisions and providing insights into improving business operations;
9. This will involve a **4-year project** delivered on a phased approach, with an initial go-live around December 2021. The time before go-live will be spent preparing the organisation to take advantage of the new processes, thereby releasing benefits as quickly as possible;
10. It is proposed that the additional revenue costs identified of £0.072m can be absorbed within existing Finance General budgets for Organisational Change in 2019-20. The future year revenue requirements will need to be incorporated as cost pressures in the 2020-21 budget-setting process. The capital costs to be incurred will need to be added to the 2019-23 Capital Programme. Any revenue

<sup>3</sup> "**Adopt not adapt**" is an approach in which organisations **adopt** ERP cloud-based systems' functionality and the base business processes on which it is based - rather than a traditional approach of **adapting** systems with (sometimes) complex changes to suit local processes. 'Adopt not adapt' is essential with cloud services so that we achieve compliance, remain up to date and benefit from future development.

implications of changes to the capital programme would also be addressed in the 2020-21 budget-setting process.

**Cabinet is asked to:**

- 1) Agree that the procurement process for the ERP system be carried out.**
- 2) Agree the £13.2 million costs through a capital funding provision of £12,706,895 and the approach to revenue funding in point 10 above.**
- 3) Devolve the management of the contingency element in the proposal to Executive Directors, as described in section 6.1 in consultation with the Cabinet member.**
- 4) Approve the governance structure described in section 7.1.**

## **1. Background and Purpose**

### **1.1. Current Systems**

The core HR & Finance System, Oracle E-Business Suite, was installed at Norfolk County Council in 2005. The processes supported by the system include:

- Financial management of £1.4b of income and expenditure;
- Procurement through 6,000 contracts;
- 460,000 payments per annum to suppliers;
- 130,000 customers paying for services, including social care service users;
- Monthly payroll for 25,000 employees of the Council and other organisations;
- 5,000 system users.

Over time more than 20 systems have been developed around the core system, resulting in complex integrations and duplication in business processes. These include systems supporting important activities such as budget forecasting and monitoring, invoice processing, recruitment and analytics and reporting. The overall architecture may best be described as 'legacy'.

### **1.2. Approach**

Between September 2018 and March 2019, the following approach has been taken to develop the evidence base for the business case:

- **Independent evidence and advice** has been gathered via working with Socitm Advisory, a national leader in this sphere, and with Gartner Research.
- **Stakeholder engagement** started with an Executive Directors' workshop on future vision for Norfolk and strategic benefit requirements for this project. Over 50 officers across the authority have been engaged in benefits workshops, supplier sessions, business analysis activities and one-to-one interviews.

- **Benefits focus** has been encapsulated in eight strategic benefits (see para 2.2). These have been used to shape benefits workshops, benefits analysis and supplier sessions, and feature in the business case assessment.
- **“Deep dives”** have been used to analyse five core business processes to understand and quantify benefit opportunities. The Reporting and Analytics deep dive, for example, has established an initial top 240 report requirement.
- **Market understanding** has been informed by a report commissioned from Socitm Advisory, six all-day workshops with leading suppliers in the public sector (Technology One, Unit4, Zellis, Microsoft, SAP and Oracle) and follow-up contacts with a number of other local authorities.
- **Assurance and challenge** has been provided internally via project governance including a Compliance Group chaired by Norfolk Audit Services, and independently by Socitm Advisory.
- **Lessons learnt** from other projects, such as the Social Care Replacement Programme, have been applied, including the need to be rigorous in this business case development phase.

## 2. Proposals

- 2.1. The County Council’s current Human Resources (HR) and Finance Systems have been in place for 14 years and in their current form constrain the transformation of services and delivery of savings. It is recognised that in the near-term they will have to be replaced as legacy systems that are no longer fit for purpose.

Of the available options to provide an HR and Finance system, an **integrated ERP approach** is considered the best fit to the Council’s current and future (10 year) strategic requirements.

### 2.2. Benefits Analysis – recommended option

	Benefit	Assessment of benefit	Example of benefit
1	<b>Savings</b>	An ERP solution incorporating automation and self-service will unlock significant savings by allowing us to re-engineer business processes. This is supported by the business analysis in the “deep dives”.	The process of financial forecasting has been analysed in detail, and with an ERP solution can be streamlined with up to 50% savings. Reducing the time needed to fulfil core management activities such as recruiting staff, monitoring budgets, ordering goods and services.
2	<b>Digitisation</b>	An ERP solution comes with self-service as standard, for employees, partners, providers and citizens.	The process of claiming hours and expenses is intuitive and quick, and accessible anywhere, anytime, from any device. Approximately 16,000 claims are processed per annum. A new system will collect richer, more timely data and support better utilisation of the workforce.
3	<b>Productivity</b>	An ERP solution incorporates automation,	The process of recruitment (2,000 appointments p.a.) Due to the



		artificial intelligence and machine learning. These remove manual steps in processes. A single integrated system smooths out current disjointed processes.	multiplicity of systems this a clumsy and time-consuming process, with 80% of calls to HR Recruitment Team about how to use the systems. End-to-end ERP solution will automate much of this process from advertisement to appointment with 40% time saving.
4	<b>Analytics</b>	A major step change will be the centrality of business intelligence built into the ERP solution. Better information offers significant benefits in terms of informed decision-making.	Better identification of committed spend against budgets on a real-time basis rather than after weeks of manipulation will enable earlier mitigations. Comprehensive analysis of data will highlight discrepancies between invoices presented and services delivered. The advanced analytics platform will allow for predicting trends and providing real-time analysis to answer targeted questions to make quicker business decisions and providing insights into improving business operations.
5	<b>Flexibility</b>	A more consistent, less complex standardised approach makes options for commercialisation and shared services more practical. Licensing models are very flexible upwards, less so downwards.	To enable another organisation to access the opportunities presented by an ERP solution would not involve additional computing infrastructure investment, simply an increased subscription.
6	<b>Workforce development</b>	Workforce development and deployment enabling our staff to work with optimum agility	Workforce planning tools allow comprehensive modelling of HR and Finance data. Restructures (e.g. 56 in 2018) can be approved with implementation at the click of a button.
7	<b>Integration</b>	An integrated ERP solution overcomes mismatch of data between multiple systems. Integration capabilities with line of business systems.	Integration of line of business system data such as the number and location of service users with data on the employees working with those service users, allows understanding about the most effective deployment of resources, the impact of vacancies in teams, the costs of service delivery, optimising travel arrangements, etc.
8	<b>Best practice business process</b>	Core functionality is covered by the ERP solutions. Cloud services approach demands that we 'adopt not adapt' so that we are basing our business processes on consistent accepted processes.	Core processes such as talent management and succession planning are currently offline processes by managers. New systems allow a more systematic and evidence-based approach that is available to support organisation wide planning.

### 3. Impact of the Proposal

- 3.1. A project to replace the systems would cost in the region of £13.2m. By replacing the systems and transforming processes, it is estimated that from 2022/23 (post implementation) net 10-year savings of £20m could be realised, with further potential savings of up to an additional £11m over that 10-year period being enabled as part of wider business transformation programmes.

### 4. Evidence and Reasons for Decision

#### 4.1. Option Appraisal

Four options have been established based on NCC's analysis of strategic benefits requirements and solutions available in the market and used by other authorities. The fundamental choice for a new system (options 2 & 3) focusses on the merits of a single integrated system, versus separate Finance and HR/Payroll systems.

	Definition	Assessment	Recommended
0	<b>"Do Nothing"</b> Maintain EBS and peripheral systems. Defer the system replacement to some point in the next 10 years.	a) Does not meet the strategic benefit requirements b) Constrains the Council's Business Transformation Programme c) Must be replaced sooner or later d) Requires additional investment simply to keep running. e) Unable to achieve savings	No
1	<b>"Enhanced As Is"</b> Maintain EBS and peripheral systems and invest in development to meet strategic requirements. Defer the system replacement to some point in the next 10 years.	a) Benefits difficult to achieve. b) Must be replaced sooner or later. c) Costs around £7m, with a further £13.2m at some point in the next 10 years d) Unable to achieve savings	No
2	<b>"Integrated ERP"</b> Procure an integrated cloud-based ERP system for Finance and HR/Payroll, with a single database.	a) Consistent, integrated approach. b) Leverages advanced technical innovations, particularly automation and analytics. c) Costs around £13.2m. d) Savings estimated at net £20m - £31m over 10-year period.	Yes
3	<b>"Two separate systems"</b> Procure two separate systems for Finance and HR/Payroll and build the necessary integration.	a) Feasible, with similar levels of technical innovation, but adds complexity. b) Loses the current level of integration between Finance & HR/Payroll. Results in some disjoin in data and processes c) Costs around £14.8m d) Savings estimated at £15m over 10-years	No

### 5. Alternative Options

- 5.1. 4.1 refers

## 6. Financial Implications

### 6.1. Costs

The below table sets out the costs of implementation of the recommended integrated ERP approach over the four-year period. This proposal has a total cost over 4 years in the region of £13.2m, which is made up of £12.7m capital funding and £0.5m revenue funding.

It is proposed that the additional revenue costs identified of £0.072m for 2019-20 can be absorbed within existing Finance General budgets for Organisational Change in 2019-20. The future year revenue requirements will need to be incorporated as cost pressures in the 2020-21 budget-setting process.

The capital costs to be incurred will need to be added to the 2019-23 Capital Programme. Any revenue implications of changes to the capital programme would also be addressed in the 2020-21 budget-setting process.

<b>CAPITAL / REVENUE BREAKDOWN</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>TOTAL</b>
Staff costs	1,105,942	1,724,769	1,299,597	820,766	4,951,074
Supplier costs	538,000	2,081,000	2,531,000	0	5,150,000
Capital totals without contingency	<b>1,643,942</b>	<b>3,805,769</b>	<b>3,830,597</b>	<b>820,766</b>	<b>10,101,074</b>
Capital contingency (year 1 10%, subsequent years 20%)	164,394	761,154	766,119	164,153	1,855,821
Advanced Analytics	0	250,000	250,000	250,000	750,000
Overall capital cost estimate	<b>1,808,336</b>	<b>4,566,923</b>	<b>4,596,717</b>	<b>984,920</b>	<b>12,706,895</b>
Staff costs (revenue)	66,150	0	0	0	66,150
Training (revenue)	0	0	343,723	43,723	387,445
Revenue totals without contingency	<b>66,150</b>	<b>0</b>	<b>343,723</b>	<b>43,723</b>	<b>453,595</b>
Revenue contingency (year 1 10%, subsequent years 20%)	6,615	0	68,745	8,745	84,104
Overall revenue cost estimate	<b>72,765</b>	<b>0</b>	<b>412,467</b>	<b>52,467</b>	<b>537,699</b>
<b>OVERALL COST ESTIMATES</b>	<b>1,881,101</b>	<b>4,566,923</b>	<b>5,009,184</b>	<b>1,037,387</b>	<b>13,244,594</b>

Appendix 1 sets out the costs for all options considered.

### 6.2. Provenance of cost estimates

The following process was followed in order to establish cost estimates. Third party system operating costs and implementation costs are based on the Socitm Advisory report "Finance & HR Systems Market Review", April 2018, along with discussions with Socitm Advisory and other authorities. We have chosen not to approach the market for indicative costs because of the need not to compromise any future

procurement.

- Staff costs - were obtained from project planning based on market advice, other projects at NCC, and project plans from other authorities.
- Supplier costs – include three supplier deliverables, namely: the ongoing provision of a system, the system implementation, and the change management to successfully utilise the system and improve business processes.

All cost and savings estimates will be refined in a business case review at the conclusion of the procurement process and before any contract award takes place.

### 6.3. **Savings**

To establish potential savings attributable to Option 2, the Project Team carried out an extensive and detailed evaluation of a selection of Finance and HR business processes. In addition, research was undertaken on the impact of the implementation of an ERP system in other organisations. Evidence was drawn from the following:

- Deep Dive Business Analysis of Query Management, Financial Forecasting, Self Service, Employee Onboarding and Reporting & Analytics.
- Supplier Demonstrations with corporate and departmental representatives.
- Detailed benefits mapping.
- Industry Research evaluating the productivity savings of cloud ERP implementation.

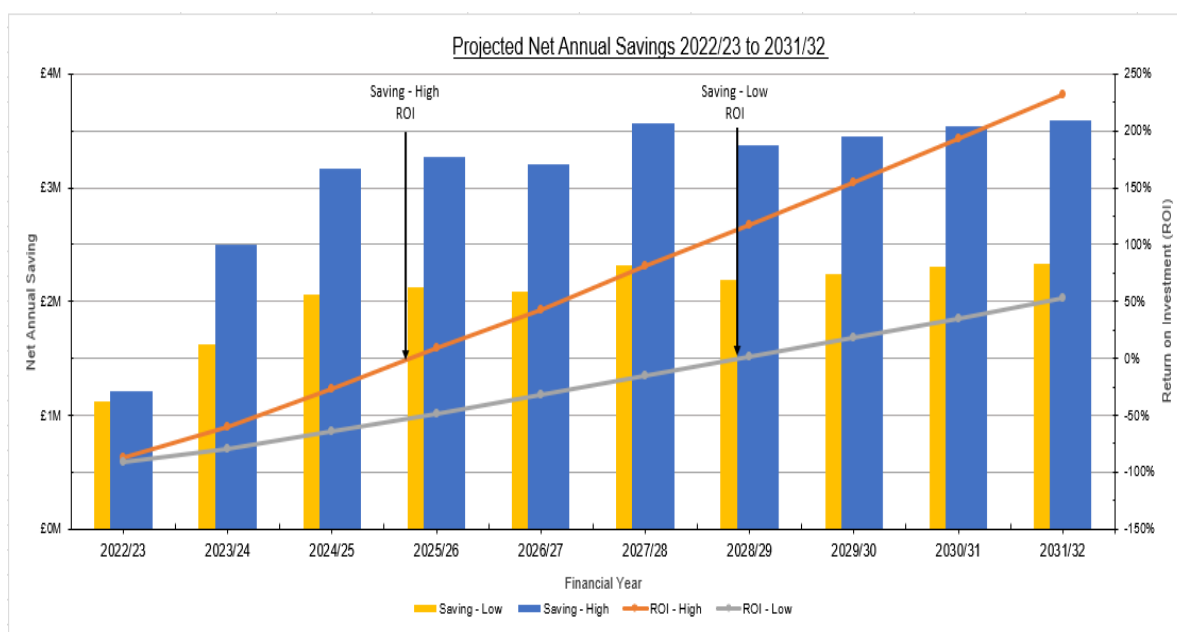
Current estimates suggest that Option 2, ERP could attract savings in the range of £20m to £31m over 10 years; this saving has been profiled below. The higher end savings would be achieved by the Authority investing in and mobilising an enhanced approach to Analytics.

Our analysis has identified that a replacement system has the potential to add significant value, create efficiencies and present cashable savings. Different products will offer this potential in different areas. Hence, we have worked with a savings range, which will be refined through the procurement process. Our approach will be to optimise opportunities to convert efficiency gains to cashable savings.

### 6.4. **Return on investment**

A range of possible savings has been identified, with a lower savings profile of net £20m over the 10-year projection.

Based on the lower savings profile, we are anticipating the return on the investment to accrue in 2028-29 (year 7). If the higher end savings are achieved, it is possible that this could be brought forward to 2025-26 (year 4).



Appendix 1 sets out the basis of the savings calculations.

## 7. Resource Implications

### 7.1. Staff:

#### Project Plan

The project is based on four phases, with the initial discovery phase having concluded with the production of the business case. A further three project phases are proposed:

- **Business readiness and procurement** phase, including specification of requirements, procurement and preparation for process review and cultural change, through 2019-20.
- **Implementation** phase, taking 18 months, with initial go-live by end of 2021 releasing some savings and benefits. This phase is key as it will allow time to prepare the organisation for the new system and its more efficient processes. This phase will also realise the benefits and savings quickly after go-live.
- **Optimisation** phase, taking a further year, to embed the new system and processes, releasing further savings and benefits with overall project completion by end of 2022.

Phase	Start	Finish	2018	2019				2020				2021				2022			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Discovery Phase</b>	<b>01/10/2018</b>	<b>31/05/2019</b>	▶																
Discovery	01/10/2018	31/05/2019	■																
<b>Business Readiness &amp; Procurement Phase</b>	<b>01/04/2019</b>	<b>31/03/2020</b>		▶															
Statement of Requirements	01/04/2019	30/08/2019		■															
Procurement Process	01/05/2019	31/03/2020		■															
Business Readiness	01/05/2019	31/03/2020		■															
Data Preparation	01/05/2019	31/03/2020		■															
<b>Implementation Phase</b>	<b>01/04/2020</b>	<b>30/09/2021</b>						▶											
Design	01/04/2020	01/10/2020						■											
Implementation	01/10/2020	30/09/2021										■							
Data Migration	01/04/2020	30/09/2021										■							
Business Change	01/04/2020	30/09/2021										■							
<b>Optimisation Phase</b>	<b>01/10/2021</b>	<b>30/09/2022</b>														▶			
Change Optimisation Phase	01/10/2021	30/09/2022														■			

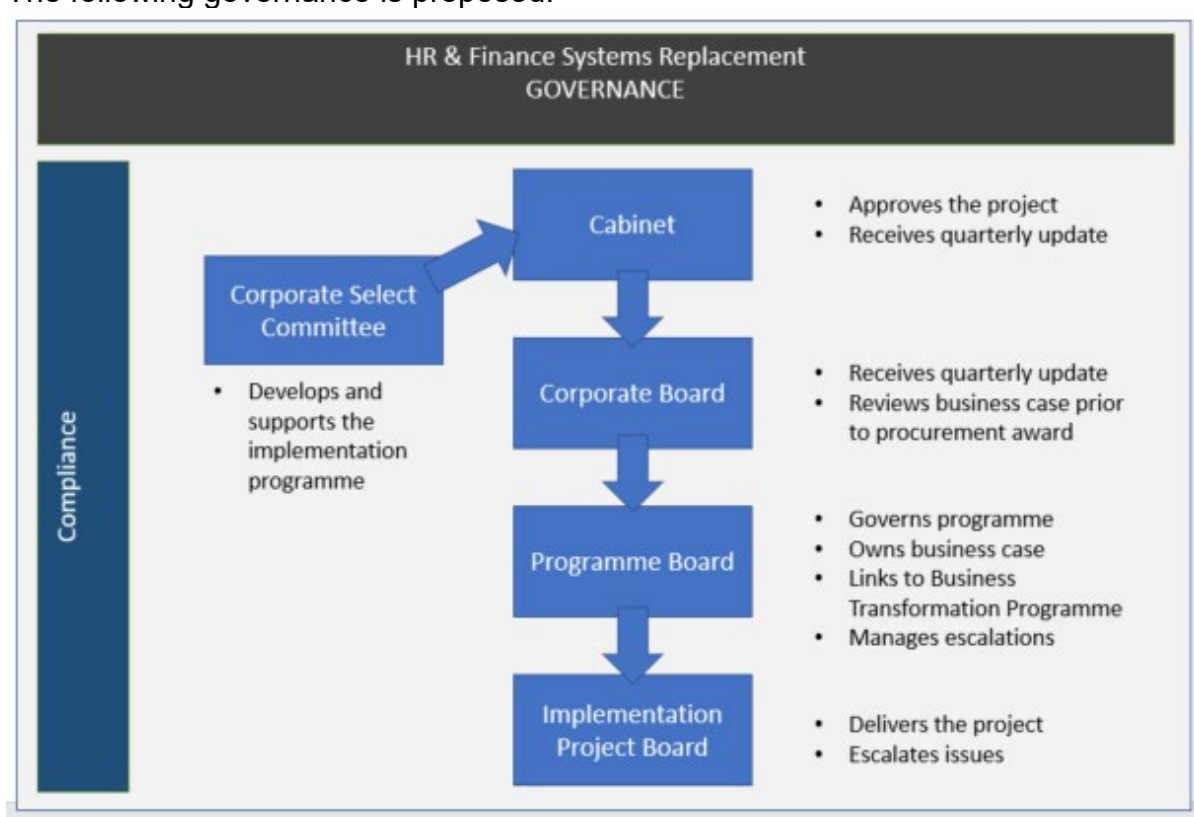
### Provenance of planning estimates

The likely implementation timescales have been discussed with six leading suppliers in the local government market, Socitm Advisory and other authorities, and compared to the timescales for the Social Care System Implementation at NCC (LiquidLogic).

The plan for the development of the Statement of Requirements has been informed by supplier workshops and access to generic templates and other example documents. It will include stakeholder engagement and sign-off. The procurement timescales have been planned in detail and reviewed against previous major projects at NCC. The plan will be refined in conjunction with the selected supplier at the conclusion of the procurement process.

### Governance

The following governance is proposed:



There is strong governance in place around the transformation activity underway across Norfolk County Council. There is a reliance on the exploitation of modern technological solutions across these programmes to drive efficiencies and to make savings. Close collaboration between the established transformation programmes and this programme will be critical, as will the tracking of benefits and savings.

7.2. **Property:**

None

7.3. **IT:**

Covered in 7.1

## 8. Other Implications

8.1. **Equality Impact Assessment (EqIA) (this must be included)**

An Equality Impact Assessment has been carried out. Its findings will be used to

inform the Business Readiness and Procurement phase.

- 8.2. A Data Protection Impact Assessment will be developed, initially for the Business Readiness and Procurement phase. Officers have considered all the implications of which members should be aware. Apart from those listed in the report (above), there are no other implications to consider.

8.3. **Sustainability Implications**

The introduction of this new capability will impact on 3 key elements; management, energy and materials. Our increased efficiency of all working processes will reduce the time spent on basic tasks, allowing more focus on further improving performance. The reduction in paper transactions will reduce NCC's overall energy and material consumption and carbon footprint. Further detailed analysis will be possible once the provider has been selected.

## 9. Risk Implications/Assessment

9.1.

	<b>Risk</b>	<b>Mitigation</b> (including appropriate escalation to Corporate Board)
<b>1</b>	<b>TIMESCALE</b> The timescales in the project plan may not be met.	a) Robust planning and governance. b) Organisational support with resources and management focus. c) Refine in procurement process.
<b>2</b>	<b>FAILURE TO REALISE BENEFITS – ORGANISATIONAL TAKE-UP</b> The organisation must utilise the technology to realise benefits. Without significant change, they will not be achieved.	a) Links to Business Transformation programme. b) Management process to ensure that all parties put the 'Adopt not Adapt' principle into practice.
<b>3</b>	<b>FAILURE TO REALISE BENEFITS - ANALYTICS</b> A proportion of the benefits depend on complex multi-source analytics. These may not be deliverable through standard ERP.	a) Defining the detailed analytics requirements, with their associated value, will inform the procurement. b) Advanced analytics platform and tool has been included in contingency cost estimates.
<b>4</b>	<b>SCOPE</b> The organisation may increase the scope of the project, which could cost more. The precise scope definition is not yet finally decided.	a) Review in requirements definition, presenting management options with costings for decision. b) Programme Board gate-keeping of scope.
<b>5</b>	<b>MARKET</b> The market may not provide a solution that meets all our requirements. Solutions may be unaffordable.	a) Market engagement pre-procurement has obtained some idea of likely costs but without asking suppliers for indicative costs. b) Procurement process will test affordability.

6	<b>COST</b> The costs may be greater than those estimated.	a) The procurement process will refine cost estimates. b) Business case review planned for end of procurement before award to validate case. c) Escalation in the event of costs exceeding approved figures.
7	<b>DEPENDENCIES</b> Complex interdependencies with other programmes, business systems and the wider technology platform development. Significant dependency on key systems and process subject matter experts.	a) Governance, including constraints on change of systems within scope. b) Head of Information & Technology role in the governance. c) Creation of the future support model in the early part of the Implementation phase.

## 10. Select Committee comments

10.1. The report has not been considered by the Select Committee.

## 11. Recommendation

- 11.1.
1. The systems as they stand **constrain transformation** of services and delivery of savings – a new approach is essential to provide a key enabler for the Business Transformation programme and associated savings and benefits;
  2. In the near-term, the current core HR and Finance system will **have to be replaced** as a legacy system, and the market tested to assure most effective value for money is achieved;
  3. Of the available options to provide an HR and Finance system, an **integrated ERP approach** is considered the best fit to the Council's current and future (10 year) strategic requirements;
  4. A cloud-based system is an application that is made available to users on demand via the internet from a cloud computing provider's server. One advantage of a cloud-based application is that enhancement to the functionality is available, usually on a quarterly basis. This allows systems to remain current whereas the more traditional "on-premise" applications will quickly fall behind and require less frequent, but much more complex, upgrades. A cloud-based system is therefore recommended.
  5. A replacement project would **cost** in the region of £13.2m; it is estimated that net 10-year **savings**, after the recovery of the £13.2m project cost, of between £20m and £31m could be realised as part of this programme of change and wider business transformation programmes;
  6. The savings and business efficiency benefits can only be achieved with a high level of **organisational readiness**, including the policy to 'adopt not adapt'<sup>4</sup> the system, the willingness to critically review and re-engineer

<sup>4</sup> "Adopt not adapt" is an approach in which organisations **adopt** ERP cloud-based systems' functionality and the base business processes on which it is based - rather than a traditional



business processes, with the time and resources to support the implementation;

7. The transformed processes will be key enablers to other transformation programmes, adding to the benefits and savings that those programmes are intending to realise by releasing manager capacity, and automating some processes that are currently either manual or less efficient than they might be.
8. Our analysis suggests that the savings and business efficiency benefits may also depend on additional **advanced analytics** functionality, the cost of which has been factored into project cost estimates; The advanced analytics platform will allow for predicting trends and providing real-time analysis to answer targeted questions to make quicker business decisions and providing insights into improving business operations
9. This will involve a **4-year project** delivered on a phased approach, with an initial go-live around December 2021. The time before go-live will be spent preparing the organisation to take advantage of the new processes, thereby releasing benefits as quickly as possible.
10. It is proposed that the additional revenue costs identified of £0.072m can be absorbed within existing Finance General budgets for Organisational Change in 2019-20. The future year revenue requirements will need to be incorporated as cost pressures in the 2020-21 budget-setting process. The capital costs to be incurred will need to be added to the 2019-23 Capital Programme. Any revenue implications of changes to the capital programme would also be addressed in the 2020-21 budget-setting process.

## 12. Background Papers

### APPENDIX 1 Cost and Savings Rationale Summary

During the discovery phase detailed work has been carried out to establish current, project implementation and future costs, to identify the associated savings for each of the three options. This work has included discussions with Socitm Advisory and other authorities, business process sessions with departmental colleagues, deep dive business analysis into five key business areas (HR Employee Onboarding, Query Management, Self Service, Financial Forecasting and Reporting & Analytics) and market research e.g. advisory reports, supplier demonstrations.

#### Cost and savings analysis

This work has been profiled and subsequently summarised across the three viable options over a 10-year period. Whilst it has been identified there is a negligible amount to be saved on estimated system operating costs, the bulk of the savings related to this project are realised through better use of more modern technologies that will result in significantly improved business processes. The table below considers the following points over the 10-year period:

approach of **adapting** systems with (sometimes) complex changes to suit local processes. 'Adopt not adapt' is essential with cloud services so that we achieve compliance, remain up to date and benefit from future development.

## **A. System Operating Costs**

### **Current.**

Based on the existing platform costs, assumed infrastructure replacement at some point during the 10 years and other system implementations or upgrades likely to be needed to keep the current state operational.

### **Enhanced 'As Is'**

Based on the current state plus enhanced analytics software costs.

### **ERP**

Based on market research, Socitm Advisory report "Finance & HR Systems Market Review", discussions with Socitm Advisory and other authorities.

### **Two separate systems**

Based on market research, Socitm Advisory report "Finance & HR Systems Market Review", discussions with Socitm Advisory and other authorities.

## **B. Support Model Costs**

### **Current**

Based on current team structures in place that manage, maintain and develop the existing platform.

### **Enhanced 'As Is'**

Based on the current state as future support model structure not known.

### **ERP**

Based on the current state as future support model structure not known.

### **Two separate systems**

Based on the current state as future support model structure not known.

## **C. Business Process Costs**

### **Current**

Based on the business analysis of 5 deep dive business scenarios and several analysis sessions with various departmental colleagues. This analysis has been translated into time spent on each of the 5 scenarios at role level across both HR & Finance users and all other managers.

### **Enhanced 'As Is'**

Based on an estimated 5% productivity improvement across all HR & Finance activity through the implementation of existing business process redesign.

### **ERP**

Based on market analysis of ERP solutions and new technologies, e.g. self-service chatbots, automated machine learning, specifically regarding the 5 business scenarios. Further engagement with business leads to challenge and review assumed time spent savings. Discussions with Socitm Advisory and other authorities. Oracle cloud implementation report "ERP Cloud Benchmark Report", July 2018.

### **Two separate systems**

Based on market analysis of 'Two separate systems' solutions and new technologies, ERP time spent and time saved analysis and discussions with Socitm advisory.

## **D. Project Costs**

### **Current**

Not applicable.

### **Enhanced 'As Is'**

Estimates based on the project team needed, along with assumptions of further products, upgrades, and change management required.

#### **ERP**

Cost estimates based on high-level resource estimates for the project team needed, along with estimates of third party costs based on discussions with Socitm Advisory.

#### **Two separate systems**

Based on Socitm advisory discussions & ERP costs, along with planning estimates for more complex integrations.

### **E. Depreciation / System Replacement costs**

#### **Current**

Not applicable.

#### **Enhanced 'As Is'**

The assumption is made that if option one was preferred, at some point over the next 10 years the replacement of our existing EBS platform is inevitable as system suppliers shift their focus to the newer platforms e.g. ceasing support and/or development of existing platform.

#### **ERP**

Not applicable.

#### **Two separate systems**

Not applicable.

<b>ESTIMATED SUMMARY COSTS AND SAVINGS</b>				
<b>10 YEAR FIGURES</b>	<b>Current</b>	<b>1 Enhanced As is</b>	<b>2 ERP</b>	<b>3 Two systems</b>
<b>A. System Operating Costs</b>	<b>13,241,556</b>	<b>15,041,556</b>	<b>12,800,000</b>	<b>12,800,000</b>
<i>Saving in system costs</i>		<i>-1,800,000</i>	<i>441,556</i>	<i>441,556</i>
<b>B. Support Model Costs</b>	<b>15,171,906</b>	<b>15,171,906</b>	<b>15,171,906</b>	<b>15,171,906</b>
<i>Saving in support model</i>		<i>0</i>	<i>0</i>	<i>0</i>
<b>C. Business Process Costs</b>	<b>113,838,944</b>	<b>108,146,997</b>	<b>70,071,500</b>	<b>81,004,882</b>
<i>Savings in business process</i>		<i>5,691,947</i>	<i>43,767,444</i>	<i>32,834,062</i>
<b>D. Project Costs</b>	<b>0</b>	<b>7,037,954</b>	<b>13,244,594</b>	<b>14,796,918</b>
<b>E. Overall Savings</b>		<b>-3,146,006</b>	<b>30,964,406</b>	<b>18,478,700</b>
<b>F. Depreciation / System Replacement</b>		<b>13,244,594</b>	<b>0</b>	<b>0</b>

### **Business process savings and efficiencies**

Further work has been carried out on the business process savings to identify core and additional savings that can be achieved for options 2 & 3.

The core savings and efficiencies are attributable to the core HR & Finance functions currently being carried out in the Finance and Commercial Services & Human Resources departments, and this equates to roughly 48% of the overall

savings figures.

The additional savings and efficiencies are attributable to the remaining service departments and would be enabled as part of wider business transformation programmes, and this equates to the remaining 52% of the overall savings figures. This would require services to take advantage of the opportunities presented in the system supported best practice processes via commitment to the key principles of 'adopt not adapt'. The advanced analytics functionality will also support savings through the more informed, timely decision-making enabled through this giving greater financial grip and assurances around resource allocation.

### **Return on investment**

Based on the work carried out on the costs and savings and the recommended option (option 2), with project costs of £13.2m and no wider business transformation programmes, it is estimated that the return on investment would occur around year 7 post implementation. Should the organisation engage in the wider transformation this could be as early as between years three and four post implementation.

The overall return on investment over the 10 years post implementation is estimated at around 50% for the core process savings and over 200% when the wider business transformation programmes are taken into account.

### **APPENDIX 2 Business case**

The business case may be accessed by double-clicking the image below:



## Officer Contact

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# Report to Cabinet

Item No. 11

<b>Report title:</b>	<b>Police and Crime Commissioner request for membership of the Fire and Rescue Authority</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Margaret Dewsbury – Cabinet Member for Communities and Partnerships</b>
<b>Responsible Director:</b>	<b>Tom McCabe – Executive Director of Community and Environmental Services</b>
<b>Is this a key decision?</b>	<b>Yes</b>

## **Introduction from Cabinet Member**

Norfolk Fire and Rescue and Norfolk Constabulary have some shared purpose of delivering services and support to keep our communities safe. There is also shared recognition of the need to provide efficient and effective services. It is on that basis that the services entered into a formal collaboration agreement earlier this year.

Since that time, good progress has been made and a shared work programme has been developed. A new Memorandum of Understanding for activity around dealing with missing persons has been signed, a new shared Command Control Centre has been put in place and arrangements for a shared Emergency Control Room will be completed and in place next month.

It is important that we continue to maximise opportunities for collaboration. That is why I support the recommendation to approve the PCC's request for Membership of the Fire and Rescue Authority.

In my previous role as Chair of the Communities Committee, I invited the PCC to attend the final two meetings and enabled him to take part in the Committee's discussion on the Fire and Rescue related items. This enabled the Committee to have some additional challenge and insight as part of their decision-making process.

## **Executive Summary**

Under the provisions in the Local Government Act 1972 introduced by the Policing and Crime Act 2017, the Police and Crime Commissioner has formally requested membership of the Norfolk Fire and Rescue Authority.

Using the definition of the Fire and Rescue Authority (FRA) from the Policing and Crime Act 2017, the FRA is the body responsible for making decisions relating to the exercising of fire and rescue functions. The role of Cabinet includes making these decisions, and therefore the request relates to membership of Cabinet.

## **Recommendation**

- 1. To approve the PCC's request for membership of Cabinet (in respect of its role in exercising functions of the Fire and Rescue Authority only) for the reasons set out in para 9.2 of this report.**

## 1. Background and Purpose

- 1.1. There is provision in the Local Government Act 1972 introduced by the Policing and Crime Act 2017 for PCCs to request membership of the decision-making function of their local fire and rescue authority. The PCC submitted a request to join the Communities Committee prior to Full Council deciding on 10 December 2018 to adopt an Executive Leader and Cabinet form of governance from May 2019.
- 1.2. His initial request was made pursuant to section 102(6) of the Local Government Act 1972. However, as the Communities Committee was scheduled to only meet in January and March 2019, and the decision to allow the PCC's request to join the Committee, if supported, would have needed to be considered and approved by Full Council in April, the PCC was asked if he wished to pursue his request under the new form of governance instead.

The PCC confirmed his request to join the fire and rescue authority for Norfolk under the new form of governance on 17 December 2018. That request is made pursuant to paragraph 6ZA of Schedule 23 of the Local Government Act 1972 (introduced by the Policing and Crime Act 2017). That provision as relevant states:

*A relevant police and crime commissioner may **attend, speak at and vote at a meeting** of a principal council in England which is a fire and rescue authority...only if and to the extent that the business of the meeting relates to the functions of the principal council as a fire and rescue authority*

*If a request...is made to a principal council, the council must—*

- (a) consider the request,*
- (b) give reasons for their decision to agree to or refuse the request, and*
- (c) publish those reasons in such manner as they think appropriate.*

## 2. The Fire and Rescue Authority

- 2.1. For the purposes of the Policing and Crime Act 2017, the definition of a Fire and Rescue Authority is: -
- 2.2.
  - (a) a committee or sub-committee appointed by a local authority in England wholly or partly for the purposes of discharging functions of a fire and rescue authority,*
  - (b) a joint committee appointed by two or more local authorities in England wholly or partly for the purposes of discharging such functions, or*
  - (c) a sub-committee appointed by any such committee or joint committee wholly or partly for the purposes of discharging such functions.*
- 2.3. The role of Cabinet includes making these decisions, and therefore the request relates to membership of Cabinet.

## 3. Communities Committee consideration of PCC's request

- 3.1. The Communities Committee (which has now ceased) has given initial consideration to the PCC's request, and agreed that the request be approved.

However, that decision was taken in the context of the change to the Cabinet system of governance from May 2019, and in the knowledge that it would not be possible to action that request before the final Communities Committee meeting in March 2019.

#### **4. Cabinet consideration of PCC's request**

- 4.1. As set out above, based on the definition in the Policing and Crime Act 2017, the remit of Cabinet includes responsibility for discharging Fire and Rescue functions and therefore the request relates to membership of Cabinet.
- 4.2. The options available for Cabinet to consider are: -
  - 1. To approve the request
  - 2. To refuse the request
- 4.3. Note that the reasons for any approval or refusal of the request need to be defined and published.

#### **5. Financial Implications**

- 5.1. None. Should Cabinet agree to approve the PCC's request, there will be no allowance (or similar) payable to the PCC in relation to his membership of Cabinet.

#### **6. Resource Implications**

- 6.1. **Staff:** None.
- 6.2. **Property:** None.
- 6.3. **IT:** None.

#### **7. Other Implications**

- 7.1. **Legal Implications:** None. The legal basis for making and considering the request is set out in the report.
- 7.2. **Human Rights implications:** None.
- 7.3. **Equality Impact Assessment (EqIA):** N/A
- 7.4. **Health and Safety implications:** N/A
- 7.5. **Sustainability implications:** N/A
- 7.6. **Any other implications:** None.

#### **8. Risk Implications/Assessment**

- 8.1. Approving the PCC's request for membership of Cabinet will enable the PCC to take part in discussions and debate on Fire and Rescue Service functions. This provides an opportunity to help ensure opportunities for joint working between Police and Fire and Rescue Services are identified.



## 9. Recommendation

- 9.1. To approve the PCC's request for membership of Cabinet (in respect of its role in exercising functions of the Fire and Rescue Authority only).
- 9.2. Cabinet are recommended to approve the request from the PCC on the basis that it will: -
  - Support the approach to Police/Fire collaboration outlined in the agreed Memorandum of Understanding and collaboration agreement between the Fire and Rescue and Police Services in Norfolk;
  - Enhance opportunities to identify and promote joint working for the benefit of Norfolk communities;
  - Cement the relationship between the Office of the Police and Crime Commissioner and the County Council.

## 10. Background Papers

- 10.1. Report to Communities Committee meeting 16 January 2019 titled 'Emergency Services Collaboration'.

### Officer Contact

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

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<b>Report title:</b>	<b>Appointments to Internal and External Bodies and Working Groups</b>
<b>Date of meeting:</b>	<b>20 May 2019</b>
<b>Responsible Cabinet Member:</b>	<b>Andrew Proctor, Leader of the Council and Cabinet Member for Strategy and Governance</b>
<b>Responsible Director:</b>	<b>Fiona McDiarmid, Executive Director for Strategy and Governance</b>
<p><b>Executive Summary/Introduction from Cabinet Member</b></p> <p>The Council has delegated authority to the Leader of the Council to confirm appointments to Internal, External bodies and Member Champions following consultation with other Group Leaders. The Leader will shortly publish a list of appointments after following the above procedure. There are a number of existing Member Working Groups which were established under the previous committee governance and Cabinet is requested to consider whether these should continue, and if so to review membership. These are set out in Appendix A of the report.</p> <p><b>Recommendations</b></p> <p><b>1. To review the existing Member Working Groups established by Service Committees set out in Appendix A and decide whether to retain them and if so make any required amendments.</b></p>	

**1. Background and Purpose**

- 1.1. See Executive Summary

**2. Proposals**

- 2.1. Cabinet is asked to review the attached Member Working Groups

**3. Impact of the Proposal**

- 3.1. Reviewing the Working Groups will ensure the Council's governance continues to be fit for purpose.

**4. Evidence and Reasons for Decision**

- 4.1. Reviewing and making appropriate appointments is integral to good governance.

**5. Alternative Options**

- 5.1. Cabinet is requested to consider the information set out in the report and express views on the appropriateness or otherwise of continuing the Working Groups. There are no other viable alternative options

**6. Financial Implications**

- 6.1. The decisions members make will have a small financial implication for the members allowances budget, as attendance at a Working Group is an approved

duty under the scheme, for which members may claim travel expenses.

## **7. Resource Implications**

7.1. **Staff:**  
None

7.2. **Property:**  
None

7.3. **IT:**  
None

## **8. Other Implications**

8.1. **Legal Implications:**  
None

8.2. **Human Rights implications**  
None

8.3. **Equality Impact Assessment (EqIA)**  
Not Applicable

## **9. Risk Implications/Assessment**

9.1. There are no particular risks for Cabinet to consider.

## **10. Select Committee comments**

10.1. This has not been considered by a Select Committee.

## **11. Recommendation**

11.1. **To review the existing Member working Groups established by Service Committees and decide whether to retain them and if so make any required amendments**

## **12. Background Papers**

12.1. None

## **Officer Contact**

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### Current Member Working Groups with Proposed Actions

<b>Title</b>	<b>Single use products</b>
<b>Previous Parent Committee</b>	EDT (but was set up by Full Council)
<b>Chair</b>	Cllr Stuart Clancy
<b>Officer Lead</b>	Joel Hull
<b>Date Terms of Reference (ToR) approved by Committee?</b>	Established by Council
<b>ToR</b>	Investigate the issues of a balloon and Chinese lantern free charter and single use products including, but not limited to, single use plastics in council owned or operated buildings and report back with recommendations by April 2019
<b>Type of group</b>	Task and Finish
<b>Expected completion date</b>	March 2020
<b>Notes</b>	Agreed at EDT in March 2019 EDT meeting that the group should meet twice (September 2019 and March 2020) to assess the progress made.
<b>Members</b>	<b>Councillors</b> Cllr Steffan Aquarone Cllr Stuart Clancy (Chair) Cllr Terry Jermy Cllr Bev Spratt Cllr Sandra Squire Cllr Tony White
<b>Proposed Action</b>	<b>Retain with membership as above until meetings completed.</b>

<b>Title</b>	<b>Norwich Western Link</b>
<b>Previous Parent Committee</b>	EDT
<b>Chair</b>	Cllr Stuart Clancy from July 2017
<b>Officer Lead</b>	David Allfrey
<b>Date ToR approved by Committee?</b>	18 November 2015 (revised July 2017 & new chair agreed)
<b>ToR</b>	Overseeing the project
<b>Type of group</b>	Task and finish
<b>Expected completion date</b>	When scheme built
<b>Notes</b>	
<b>Members</b>	Cllr Stuart Clancy (Chair) Cllr Tim East

	Cllr Bill Borrett Cllr Margaret Dewsbury Cllr Shelagh Gurney Cllr Greg Peck Cllr Mike Sands
<b>Proposed Action</b>	<b>Retain to oversee project</b>

<b>Title</b>	<b>Great Yarmouth 3<sup>rd</sup> River Crossing</b>
<b>Previous Parent Committee</b>	EDT
<b>Chair</b>	Cllr Colin Foulger
<b>Officer Lead</b>	David Allfrey
<b>Date ToR approved by Committee?</b>	16 March 2018
<b>ToR</b>	<ol style="list-style-type: none"> <li>1. To receive updates on the project progress and any key issues.</li> <li>2. To review project details relating to the overall project delivery, but with a focus on the statutory process, procurement/commercial, contract/legal and programme/budget position of the project.</li> <li>3. To receive updates and comment on any key project risks.</li> <li>4. To monitor progress of procurement, taking account of the agreed evaluation criteria and experience from the NDR contract.</li> <li>5. To review and question the details behind and project changes and cost implications and seek further details if needed.</li> <li>6. To receive and review any audit details when carried out, including any terms of reference.</li> <li>7. To review overall project delivery with an understanding of issues experienced during the delivery of the construction of the NDR project, identifying best practice to inform ongoing learning.</li> <li>8. To develop and agree brief update reports to advise Committee.</li> <li>9. To provide verbal updates at Committee (but taking into account the potential confidential nature of most information).</li> <li>10. Identify opportunities to highlight the benefits of the project, including for the local communities and businesses.</li> </ol>
<b>Type of group</b>	Task and Finish
<b>Expected completion date</b>	When scheme is built – January 2023
<b>Notes</b>	

<b>Members</b>	Cllr Colin Foulger (Chair) Cllr Mick Castle Cllr Graham Plant Cllr Andy Grant Cllr Ron Hanton Cllr Carl Smith Cllr Penny Carpenter
<b>Proposed Action</b>	<b>Retain to oversee project with membership as proposed above.</b>

<b>Title</b>	<b>Fire and Rescue – Integrated Risk Management Plan</b>
<b>Previous Parent Committee</b>	Communities
<b>Chair</b>	Margaret Dewsbury
<b>Officer Lead</b>	Jim Belcher
<b>Date ToR approved by Committee?</b>	10 October 2018
<b>ToR</b>	<ul style="list-style-type: none"> <li>• To consider the full range of fire related community risks in Norfolk</li> <li>• To consider the wider aspect of the Fire and Rescue Service Reform agenda</li> <li>• To help shape the development of the 2020/23 IRMP for the Fire and Rescue Authority.</li> <li>• Identify proposals to be put forward to the Communities Committee for public consultation.</li> </ul>
<b>Type of group</b>	Task and Finish
<b>Expected completion date</b>	February 2020
<b>Notes</b>	Council will approve a new IRMP in February 2020 at which time the Group's remit will have been completed.
<b>Members</b>	Cllrs Margaret Dewsbury (Chair) Cllr Harry Humphrey Cllr Sarah Butikofer Cllr Sandra Squire Cllr Nigel Dixon Cllr Chrissie Rumsby
<b>Proposed Action</b>	<b>Cease. To become portfolio holder's responsibility</b>

<b>Title</b>	<b>Norwich Household Recycling Centre</b>
<b>Previous Parent Committee</b>	EDT

<b>Chair</b>	Cllr Judy Oliver
<b>Officer Lead</b>	Nicola Young
<b>Date ToR approved by Committee?</b>	November 2017
<b>ToR</b>	Oversee delivery of the scheme.
<b>Type of group</b>	Task and finish
<b>Expected completion date</b>	When new Norwich recycling centre is in place - 2021
<b>Notes</b>	
<b>Members</b>	Cllr Judy Oliver Cllr Colin Foulger Cllr Philip Duigan Cllr Andy Grant Cllr Chris Jones Cllr Steven Morphew Cllr Dan Roper
<b>Proposed Action</b>	<b>Cease. To become portfolio holder's responsibility.</b>

<b>Title</b>	<b>NCLS Steering Group</b>
<b>Previous Parent Committee</b>	Communities
<b>Chair</b>	Margaret Dewsbury
<b>Officer Lead</b>	Ceri Sumner
<b>Date ToR approved by Committee?</b>	16 January 2015
<b>ToR</b>	<ul style="list-style-type: none"> <li>- To consider the adult education service learning offer in the context of Norfolk's priorities for skills, health and community development</li> <li>- To monitor the provision of adult and community learning to help ensure there is access to learning across Norfolk</li> <li>- To consider service performance in the context of funding, national and local agendas and the service's business plan</li> <li>- To monitor the quality of the experience provided by the service for all learners and their outcomes</li> <li>- To monitor the safeguarding of all learners</li> </ul>
<b>Type of group</b>	Ongoing
<b>Expected completion date</b>	None (see note below)
<b>Notes</b>	It is important to demonstrate political leadership and input to Ofsted. Work on a school governor model is underway but until that is complete, this group fulfils an important role.
<b>Members</b>	Councillor Margaret Dewsbury (Chair)

	Councillor David Bills Councillor David Harrison Councillor Chris Jones
<b>Proposed Action</b>	<b>Retain to oversee ongoing work.</b>

<b>Title</b>	<b>Flood and Coastal Management</b>
<b>Previous Parent Committee</b>	EDT
<b>Chair</b>	Marie Strong
<b>Officer Lead</b>	Mark Ogden
<b>Date ToR approved by Committee?</b>	20 May 2016
<b>ToR</b>	<ul style="list-style-type: none"> <li>• develop more in-depth knowledge of the issues and opportunities surrounding the management of flooding and coastal erosion in Norfolk;</li> <li>• monitor the delivery of the Local Flood Risk Management Strategy and Shoreline Management Plans;</li> <li>• monitor the delivery of partnership projects to secure flood and coastal erosion management schemes across the area;</li> <li>• oversee the administration and recommendations of any flood and coastal erosion grants at the disposal of Norfolk County Council.</li> </ul>
<b>Type of group</b>	Ongoing
<b>Expected completion date</b>	None
<b>Notes</b>	<p>There have not been any flood and coastal grants for the Group to consider for some time. There is a need to continue to liaise with the external people on the group, however Cabinet may consider that this is more appropriate for an Officer group to oversee.</p> <p>The County Council gets three seats on the Regional Flood and Coastal Committee, and these are included in the list of outside body appointments – our current representatives all currently sit on this Working Group.</p>
<b>Members</b>	Cllr Marie Strong (Chair) Cllr Anthony White Cllr Judy Oliver Cllr Brian long Cllr Mick Castle
<b>Proposed Action</b>	<b>Cease. To become portfolio holders' responsibility</b>



<b>Title</b>	<b>Walking and Cycling Implementation Plan</b>
<b>Previous Parent Committee</b>	EDT
<b>Chair</b>	Cllr Andrew Jamieson
<b>Officer Lead</b>	Andrew Hutcheson
<b>Date ToR approved by Committee?</b>	17 March 2017
<b>ToR</b>	<ul style="list-style-type: none"> <li>• Set a clear and specific vision for Norfolk which outlines how cycling and walking will be increased and supported;</li> <li>• Develop a local walking and cycling delivery plan, supported by local partners – such as the third sector;</li> <li>• Develop the approach to working with partners;</li> <li>• Demonstrate a commitment to door-to-door journeys, and to creating safe cycling and walking provision through cycle proofing and pedestrian proofing new transport infrastructure and, where relevant, a planned and funded cycling and walking investment programme;</li> <li>• Demonstrate that our walking and cycling plans include steps to meet the needs of people from hard to reach groups – including disabled people, older people, and others – where those needs are different from the needs of other people;</li> <li>• Agree the group terms of reference;</li> <li>• Receive/report progress updates on bids, projects and development;</li> <li>• Identify further funding opportunities.</li> </ul>
<b>Type of group</b>	Ongoing.
<b>Expected completion date</b>	N/A
<b>Notes</b>	This group is made up of both officers and Members. Whilst useful in providing Member oversight, there is not a particular requirement for it to continue. ToR say the Group is Chaired by the Member Champion for Walking and Cycling.
<b>Members</b>	Cllr Andrew Jamieson (Chair) Cllr Elizabeth Nockolds (BCKLWN) Cllr John Fisher Cllr Andy Grant Cllr Fabian Eagle Cllr Stuart Dark
<b>Proposed Activity</b>	<b>Cease. To become portfolio holder's responsibility.</b>

<b>Title</b>	<b>Electoral Review Working Group</b>
<b>Previous Parent Committee</b>	Policy and Resources
<b>Chair</b>	TBC
<b>Officer Lead</b>	Chris Walton
<b>Date ToR approved by Committee?</b>	25 March 2019
<b>ToR</b>	<p>a) To oversee the provision of information required by the Local Government Boundary Commission for England (LGBCE) in carrying out its Electoral Review of Norfolk, including any consultation arrangements with electors or other stakeholders;</p> <p>b) To update full Council on the progress of the Electoral Review;</p> <p>c) To make recommendations to full Council on proposed submissions to the LGBCE relating to:</p> <p>i) The total number of councillors on Norfolk County Council;</p> <p>ii) The number and boundaries of electoral divisions within Norfolk County Council;</p> <p>iii) The number of councillors to be returned by any electoral division;</p> <p>iv) The name of any electoral division;</p> <p>d) To provide such further advice and support as may be requested by the Council related to or impacted upon by the Electoral Review</p>
<b>Type of group</b>	Task and Finish
<b>Expected completion date</b>	May 2020
<b>Notes</b>	
<b>Members</b>	<p>5 Con.  Cllr Bill Borrett  Cllr Tom FitzPatrick  Cllr Ian Mackie  Cllr Graham Plant  Cllr Andrew Proctor</p> <p>1 LD  1 Labour</p>
<b>Proposed Action</b>	<b>Continue with Membership as above.</b>

<b>Title</b>	<b>Carer's Charter Working Group</b>
<b>Previous Parent Committee</b>	Communities Committee
<b>Chair</b>	Mr William Armstrong (Independent Chairman)
<b>Officer Lead</b>	Debbie Bartlett
<b>Date ToR approved by Committee?</b>	Updated 27 March 2019
<b>ToR</b>	<p>The Carers Charter will be a statement of values aims and standards which Norfolk County Council will work to achieve in partnership with carers themselves.</p> <p>In line with the direction of Full Council, the Task &amp; Finish Group will particularly address the following:</p> <ul style="list-style-type: none"> <li>• Carer friendly practices employers could adopt to enable employees with carer responsibilities to work more flexibly</li> <li>• Support that educational institutions schools could provide to young carers and young adult carers with caring responsibilities whose studies and participation in school life might be adversely affected</li> <li>• Support that the County Council can offer or be part of to support community organisations in providing recreational respite and social activities, and sign-posting for carers whose activities may be restricted by caring responsibilities.</li> </ul>
<b>Type of group</b>	Ongoing
<b>Expected completion date</b>	N/A
<b>Notes</b>	
<b>Members</b>	<p>Graham Middleton (Children's)</p> <p>Mike Smith-Clare (Children's)</p> <p>Mike Sands (Adults)</p> <p>Martin Storey (Adults)</p> <p>Julie Broceik-Coulton (as the Carers' Champion for the council)</p> <p>Four carer representatives.</p>
<b>Proposed Action</b>	<b>Continue and report to People and Communities Select Committee</b>