

# Communities Committee

Item No.....

<b>Report title:</b>	<b>Strategic and Financial Planning 2019-20 to 2021-22</b>
<b>Date of meeting:</b>	<b>5 September 2018</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> This report provides Communities Committee with an update on the Council's overall budget planning position, including the forecast budget gap for 2019-20 to 2021-22, and sets out details of the strategic and financial planning framework for Service Committees, which has been agreed by Policy and Resources. It summarises the organisational response to financial pressures, and in particular explains how the Council's Strategy, Norfolk Futures, serves as the key mechanism to drive the Council's ambitions for Norfolk.  The report sets out how actions are being taken by Communities Committee to support the whole Council to set a balanced budget for 2019-20 and provides Members with an overview of the approach to developing savings for 2019-20 ahead of the detailed proposals being presented in October.	

## **Executive summary**

This report provides Communities Committee with the latest information about service budget planning for 2019-20 to 2021-22. The report details the link between the Council Strategy, Norfolk Futures, and the development of transformation and savings plans relevant to this Committee.

Policy and Resources Committee has agreed guidance to Service Committees on the actions required to support preparation of a balanced budget for 2019-20, and agreed the indicative level of savings to be found by each Committee. Details are set out in the report, and Members' views are sought on the Committee's approach to identifying savings for 2019-20.

**Communities Committee is recommended to:**

- 1) Note the Council's budget assumptions and the budget planning principles for 2019-20 which have been approved by Policy and Resources Committee (paragraph 3.3 and 3.4);**
- 2) Note the forecast budget gap of £94.696m (table 3), which reflects the changes from the 2018-22 Medium Term Financial Strategy, and the resulting indicative savings targets for the Committee over the period 2019-20 to 2021-22 (table 4);**
- 3) Consider and identify any further key areas of risk in relation to 2019-22 budget planning for the Committee's budgets, including any additional pressures and the robustness of existing planned savings as set out in section 5, noting that any changes may impact on the overall budget gap and will require additional offsetting savings to be found;**
- 4) Agree the proposed approach and key themes to focus on in developing savings proposals for 2019-20 to 2021-22, including how the principles of the Council's Strategy, Norfolk Futures, will inform and shape budget planning**

**activity set out in section 5, having regard to the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round (table 1);**

**5) Commission officers to develop detailed savings proposals to be presented to the Committee for consideration at the October meeting in order to help close the forecast 2019-20 to 2021-22 budget gap; and**

**6) Note the budget planning timetable (section 6).**

## **1. Introduction**

1.1. The County Council agreed the 2018-19 Budget and Medium Term Financial Strategy (MTFS) to 2022 at its meeting 12 February 2018, at the same time as it agreed a new Strategy for the County Council, Norfolk Futures. At that point, the MTFS identified a budget gap of £94.696m for the period 2019-20 to 2021-22, and the Council's budget strategy included the aspiration to bring forward savings required for 2021-22 into the first two years 2019-20 and 2020-21. The Council has a robust and well-established framework for strategic and financial planning which updates the MTFS position through the year to provide Members with the latest available financial forecasts to inform wider budget setting work across the organisation.

1.2. On 16 July 2018, Policy and Resources Committee received a report setting out how the 2019-20 budget planning process would be aligned with the Council's Strategy, Norfolk Futures. Policy and Resources Committee agreed:

- That the principles of the Council's Strategy, Norfolk Futures, will inform and shape 2019-22 budget planning activity;
- Updated budget assumptions and key areas of risk in relation to 2019-22 budget planning;
- The forecast budget gap of £94.696m reflecting changes from the 2018-22 Medium Term Financial Strategy;
- The budget planning principles and guidance for 2019-20, commissioning Service Committees to begin developing their savings proposals with initial reporting in September;
- The indicative savings targets 2019-20 to 2020-21, noting the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round; and
- The budget planning timetable.

1.3. This report provides the Committee with details of the implications of these decisions made by Policy and Resources Committee and marks the beginning of the Committee's detailed budget planning activity for 2019-20 to 2021-22.

### **2018-19 budget position**

1.4. The latest details of the 2018-19 budget position are set out in the budget monitoring report elsewhere on the agenda. The budget planning assumptions for 2019-20 set out later in this report include an assumption that the 2018-19 Budget is fully delivered (i.e. that all savings are achieved as planned and there are no significant overspends).

## 2. County Council Strategy and Norfolk Futures

- 2.1. The report to Policy and Resources Committee sets out how the Council's Vision and Strategy will inform the development of the 2019-20 Budget.
- 2.2. Caring for our County, the vision for Norfolk, 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.
- 2.3. The Council's Strategy for 2018-2021 – Norfolk Futures – will provide the mechanism to enable these ambitions for the County across all of its activities.
- 2.4. Norfolk Futures will deliver these transformational commitments in a context where demand for our services is driven both by demographic and social trends, and where increasingly complex and more expensive forms of provision are becoming prevalent.
- 2.5. Norfolk Futures is guided by four core principles that will frame the transformation we will lead across all our work:
  - Offering our help early to **prevent and reduce** demand for specialist services;
  - **Joining up** work so that similar activities and services are easily accessible, **done once and done well**;
  - Being **business-like** and making best use of **digital technology** to ensure value for money; and
  - Using evidence and data to **target our work** where it can make the most difference.
- 2.6. Under the banner of Norfolk Futures we will deliver sustainable and affordable services for the people who need them most. The whole Council needs to change to keep up with increasing demands and ever better ways of working.
- 2.7. These principles frame the transformation that we must lead across all our services and activities. This is all underpinned by evidence and political support, to change how the Council works and how we work with the people of Norfolk.
- 2.8. By 2021 the strategy and underpinning Service Plans will have moved the Council towards a more sustainable future with affordable, effective services. This means that we will have radically changed the ways we do some things. We will know our citizens and manage their needs effectively using the best evidence to enable the most appropriate outcomes. We will be working jointly across the Council on our biggest challenges by default, and changing the way we work to reflect new technology and ways of working. This will enable us to work smarter, better and plan long term to be the Council the County needs.
- 2.9. These principles frame the transformation across all our services and activities and we currently have 7 priorities to help us to deliver the strategy:
  - Safe Children and Resilient Families;

- Promoting independence for Vulnerable Adults;
- Smarter Information and Advice;
- Towards a Housing Strategy;
- Digital Norfolk;
- Local Service Strategy; and
- Commercialisation.

2.10. Further information about the Norfolk Futures priorities relevant to this Committee, and how they will inform and support 2019-20 budget planning, are set out in section 5 of this report. Summary details of all the priorities are set out in the report to Policy and Resources Committee.

### 3. 2019-20 Budget Planning

3.1. The Medium Term Financial Strategy (MTFS) was agreed in February 2018 including £78.529m of savings and with a remaining gap of £94.696m. The MTFS provides the starting point for the Council's 2019-20 Budget planning activity. Full details of cost pressures assumed in the Council's MTFS are set out in the 2018-19 [Budget Book](#).<sup>1</sup>

3.2. Existing savings in the Council's MTFS are shown by Committee in the table below. These are the savings agreed as part of the 2018-19 (and earlier) budget process, and will need to be delivered in addition to any new savings proposed to close the remaining budget gap.

**Table 1: Planned net recurring savings 2018-19 to 2021-22**

Committee	2018-19 Saving £m	2019-20 Saving £m	2020-21 Saving £m	2021-22 Saving £m	Total Saving £m
Adult Social Care	-27.290	-9.351	-13.700	-3.900	-54.241
Children's Services	-2.641	-4.342	-2.000	-2.000	-10.983
Environment, Development and Transport	-1.440	-0.310	-0.350	-1.850	-3.950
Communities	-1.803	-0.435	-2.786	-1.500	-6.524
Business and Property	-1.051	-2.075	-2.050	-1.150	-6.326
Digital Innovation and Efficiency	-0.726	-1.000	-0.700	0.000	-2.426
Policy and Resources <sup>2</sup>	4.952	1.356	-0.387	0.000	5.921
<b>Grand Total</b>	<b>-29.999</b>	<b>-16.157</b>	<b>-21.973</b>	<b>-10.400</b>	<b>-78.529</b>

#### Budget planning principles 2019-20

3.3. Policy and Resources Committee have agreed the following key principles for budget planning in 2019-20:

- Budget planning will cover the three year period 2019-20 to 2021-22;
- Budget proposals will target "shifting left" as a priority in terms of service provision (i.e. preventing and reducing demand for more intensive and higher cost services);

<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>

<sup>2</sup> The net savings position for Policy and Resources Committee reflects the reversal of a number of significant one-off savings from 2017-18, such as the use of the Insurance Fund and the use of Capital Receipts totalling £11.299m. The gross savings to be delivered by Policy and Resources Committee budgets in 2018-19 are £6.347m.

- Savings targets will be profiled as they arise over the three years of the Medium Term Financial Strategy (not brought forward);
- The 2019-20 Budget will seek opportunities to increase the level of the General Fund balance to ensure the medium term financial position is robust and the Council is better protected against future changes in funding; and
- The four Norfolk Futures principles as set out in paragraph 2.5 will underpin the development of budget proposals.

### Budget assumptions 2019-20

3.4. The Council's current forecast budget gap is based on a number of key assumptions, including:

- That Revenue Support Grant will entirely disappear in 2020-21. This equates to a pressure of around £39m, but significant uncertainty is attached to this and the level of savings required in year two could be materially lower should this loss of funding not take place.
- Further substantial cost pressures including:
  - inflation, including the 2% pay increase for staff;
  - demographic changes and increased demand for our services; and
  - legislative changes where national policies have added to our costs.
- Planned savings of £49m to be delivered over the period 2019-20 to 2021-22.
- That the 2018-19 budget can be successfully delivered (no overall overspend occurring and no savings emerging as undeliverable). The Council's forecast 2018-19 outturn position is discussed in the monitoring report elsewhere on the agenda.
- Ongoing annual pressures will exist in waste budgets from 2019-20.
- Pressures in Minimum Revenue Provision (MRP) budgets will be felt from 2020-21.
- Budget planning is based on the following council tax increase assumptions (and also assumes there is no scope to increase the ASC precept in 2019-20 based on the current terms set out by Government):

**Table 2: Council Tax assumptions (as per 2018-22 MTFS)**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Assumed increase in general council tax	2.99%	1.99%	0.00%
Assumed increase in Adult Social Care precept	0.00%	0.00%	0.00%
<b>Total assumed council tax increase</b>	<b>2.99%</b>	<b>1.99%</b>	<b>0.00%</b>

3.5. The planned 2.99% increase in council tax is based on the current understanding of updated assumptions and flexibility offered by the Government in the 2018-19 local government finance settlement. Any reduction in this increase will require additional savings to be found. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year.

3.6. Assumptions around increases in the council tax base are prudent (0.5% annual growth), and as set out in the above table, no increase in council tax has been planned for 2021-22.

### Latest forecast budget gap 2019-20 to 2021-22

- 3.7. The latest budget planning position, taking into account the changes agreed by Policy and Resources Committee, is shown in the table below. The latest budget assumptions would mean an unchanged overall gap of £94.696m, with **£22.089m required to close the gap in 2019-20**.

**Table 3: Latest forecast budget gap 2019-20 to 2021-22**

	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m
Original gap at MTFS 2018-19 to 2021-22	34.165	60.530	0.000	<b>94.696</b>
Reprofile savings requirement to 2021-22	-12.077	-12.077	24.153	<b>0.000</b>
<b>Forecast gap as at 16 July 2018 P&amp;R report</b>	<b>22.089</b>	<b>48.454</b>	<b>24.153</b>	<b>94.696</b>

### Key budget risks 2019-20

- 3.8. Uncertainties remain about a number of items **which have not currently been reflected in the budget planning assumptions**, but which could potentially result in an increase in the overall gap. As a result, additional pressures, which have not currently been provided for, may arise in 2019-20 relating to:
- Ongoing pressures arising within the Children’s Services budget in 2018-19 may need to be recognised in 2019-20 relating mainly to the number and cost of Looked After Children, High Needs Block pressures, and also in respect of any delay or non-delivery of planned savings;
  - Market and system pressures affecting Adult Social Services (cost of care);
  - Increasing the level of the General Fund reserve;
  - Adjustments to salary scales (circa £0.350m) required in 2019-20 in response to the two-year pay award; and
  - Changes in the forecast 2018-19 level of savings delivery to allow for any mitigation of undeliverable savings.
  - Impact of the potential transfer of Norfolk Fire and Rescue Service to the Police and Crime Commissioner.
- 3.9. The risks and assumptions relating to the 2019-20 Budget will continue to be monitored and updated as budget planning activity proceeds.

### Medium term forecast – 2020-21 and beyond

- 3.10. The Council’s has a reasonable degree of certainty about resources available for the period to 2019-20 as a result of the four year allocations of funding announced by the Government in 2016-17. There is however a much greater level of uncertainty in respect of planning for 2020-21 and beyond. This is in large part due to the absence of firm information about the Government’s plans for Revenue Support Grant following the implementation of the proposed 75% retention of business rates. It is Government policy<sup>3</sup> for Revenue Support Grant

<sup>3</sup> The Secretary of State (then Greg Clark) stated in the announcement of the Local Government Finance Settlement 2016/17 that: “Ultimately, Revenue Support Grant will disappear altogether, as we move to 100% business rates retention.” (<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2016-to-2017>). Most recently, the *Invitation to pilot 75% Business Rates Retention in 2019/20* confirmed that: “As part of the move towards a reformed business rates retention system in 2020/21, the government intends to devolve Revenue Support Grant (RSG) [...] To ensure that piloting in 2019/20 closely reflects the government’s proposals to date for a reformed business rates retention system, authorities selected as pilots in 2019/20 will be expected to forego Revenue Support Grant (RSG) and Rural

to be devolved as part of the implementation of a reformed business rates retention system and there is limited information about the implications of this for overall funding levels in subsequent years.

- 3.11. Taking account of this uncertainty, the County Council's planning is based on an assumption that Revenue Support Grant disappears entirely in 2020-21 as detailed in paragraph 3.4 above and equating to a pressure of £39m. In addition, the loss of New Homes Bonus and Rural Services Delivery Grant is also assumed (£2.742m and £3.195m respectively).
- 3.12. Alongside the more regular annual budget pressures (such as inflation and demographic growth) the assumptions about reductions in funding result in a **significant forecast gap of £48.454m arising in 2020-21**. In the event that these pressures do not materialise, or if they are subject to a different timescale, the level of savings required in 2020-21 could be materially different.
- 3.13. It is not yet clear when there will be certainty about funding levels for 2020-21. Some additional information is likely to emerge early in the 2019-20 financial year as part of the Comprehensive Spending Review and further development of the Fair Funding Review, but it is highly likely that local authorities will not receive any clarity about individual funding levels until the publication of the provisional Local Government Finance Settlement, which is likely to be in December 2019.
- 3.14. The Executive Director of Finance and Commercial Services is required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure. The Executive Director therefore takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy.
- 3.15. In view of this duty, and the considerable uncertainty about funding levels after the end of the current settlement, **the Council will need to make substantial, sustainable savings in 2019-20 in order to establish a solid platform for the development of a robust budget in 2020-21**.

## 4. Savings allocation

- 4.1. The following table sets out indicative savings required to close the identified gap by Committee which have been agreed by Policy and Resources Committee. The share of savings has been calculated based on current planned 2019-20 net budgets excluding schools, Public Health (in 2019-20 only), capital recharging, and government grants on the basis that these areas are not controllable and therefore should be outside the scope of savings. These savings are required in addition to existing current savings plans.

**Table 4: Indicative savings by Committee**

	<b>2019-20 £m</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>	<b>Total £m</b>	<b>Proposed share of new savings %</b>
Adult Social Care	-9.626	-19.527	-9.745	<b>-38.898</b>	41%
Children's Services	-5.726	-12.064	-6.037	<b>-23.827</b>	25%
Environment, Development and Transport	-2.820	-5.988	-2.962	<b>-11.770</b>	12%
Communities	-1.647	-6.262	-3.115	<b>-11.025</b>	12%
Digital Innovation and Efficiency	-0.369	-0.736	-0.373	<b>-1.477</b>	2%
Business and Property	-0.154	-0.180	-0.045	<b>-0.379</b>	0%
Policy and Resources <sup>4</sup>	-1.747	-3.697	-1.875	<b>-7.319</b>	8%
<b>Total</b>	<b>-22.089</b>	<b>-48.454</b>	<b>-24.153</b>	<b>-94.696</b>	

- 4.2. Policy and Resources Committee have agreed a timetable for Service Committees to report detailed 2019-20 Budget proposals back to Policy and Resources in October.

## **5. Committee response**

- 5.1. This report proposes an approach for the Committee to adopt in developing saving proposals for 2019-20, and explains how this will be aligned to the Norfolk Futures principles. It also details the key pressures and risks that the Committee will need to consider in developing budget proposals for 2019-20.
- 5.2. The services reporting to this Committee are managed in two separate Council Departments. Registration Services are part of the Managing Director's Department, and the other services reporting to the Committee are part of the Community and Environmental Services Department.

### **Vision and overall approach to developing proposals – Registration Services**

- 5.3. The vision for the service is to become the best at delivering statutory and celebratory services to the public: taking full advantage of commercial opportunities to meet agreed financial targets, whilst ensuring a safe and secure experience for customers. Our principal strategies will be to develop team knowledge, resilience and cohesion, to make best use of limited resources and to improve partnership working.

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<sup>4</sup> Including Finance General



5.4. The approach to developing budget proposals is focussed around:-

- Continuing to drive down the cost of accommodation by considering more cost effective options for offices and ceremony suites.
- Continuing to develop staff competence and confidence to reduce time-consuming errors.
- Developing partnerships with registrars across the region to make more efficient use of time and reduce the bureaucratic burden on customers.
- Pro-actively managing sickness absence to reduce the need for temporary cover.

### **Vision and overall approach to developing proposals – Community and Environmental Services Department (CES)**

5.5. Community and Environmental Services has responsibility for the delivery of a wide range of services; there is no hierarchy as each area has a vital role to play in achieving better outcomes for Norfolk. Whilst our audience is “universal”, many of our services are now focused on supporting the principles and priorities laid out in Norfolk Futures, and in particular, the social care demand management agenda. We can proactively provide information and advice to help people to make better choices that enable them to live fulfilling independent lives.

5.6. We continue to provide vital services to ensure that our residents are safe, both in their own homes and when out and about in our County.

5.7. Broadly, CES services are focussed around the following outcomes:-

- Safety and harm reduction
- Proactive prevention
- Providing choices
- Raising aspirations
- Improving outcomes and economic growth

A representation of how CES services map against these outcomes is included at Appendix A. In practice, many of these services will contribute across a number of outcomes and the illustration is intended to show the primary drivers only. Note that Appendix A includes all CES services, not just those falling under the responsibility of the Communities Committee.

5.8. In terms of an overall strategy for developing budget proposals, the range of services and outcomes means that a single approach would not be beneficial. Instead, CES is focussing on service redesign the broadly following three distinct approaches:-

- Cost reduction
- Collaboration
- Development

A diagram showing how these approaches map across services is also included at Appendix A. The Executive Director will talk through this approach in more detail at committee.

## Service specific budget issues for 2019/20

- 5.9. There are a number of service specific issues which budget proposals are being developed within the context of:-
- Public Health – the Public Health service is funded by a ring-fenced grant, which has seen significant reductions in recent years. Population growth in the context of a reducing grant means there are pressures in relation to activity based contracts with GPs and Pharmacists e.g. Health Checks.
  - Fire and Rescue Service - governance – as discussed at the special Communities Committee meeting in August, the Police and Crime Commissioner is carrying out a public consultation on a proposal to change the governance of the service. If the proposal proceeds, and is approved by the Home Secretary, there will be a need to reach local agreement on the financial transfer of the service i.e. the level of associated budget which will transfer. This will need to consider any agreed budget changes, savings or efficiencies.
  - Fire and Rescue Service – operations – the service continues to have an ongoing budget pressure in relation to water rescue. This is a non-statutory element of service which does not have any allocated core funding. The Committee has previously endorsed the continuation of this area of work on the basis that it addresses a significant risk for the county, and on the basis that this pressure is managed within the overall CES department budget.
  - Customer Services deliver a corporate service, including the online digital offer, and multi-channel Customer Service Centre. They are a direct delivery mechanism for other NCC services, as well as leading on systems to enable efficiency savings through channel shift. As budget reductions and other service and policy changes are made across NCC, the pressure and workload on customer services increases.
  - Registration Services - the income target for registrars doubled this year and there is a risk that this cannot be achieved if celebratory services become less popular with the public as financial austerity deepens. This will be mitigated by the development of a wider and more flexible range of celebratory services and a sustained and targeted marketing campaign. There is a risk of increased fraudulent activity if adequate resources are not retained. This risk is mitigated by the use of robust processes, spot checking and regular monitoring.

## Leading and contributing to Norfolk Futures priorities

- 5.10. As reported to Committee in March, the services reporting to this committee are actively engaged in the Norfolk Futures programme. As well as providing support and input generally for all priorities, specific work and engagement is underway in the following areas:-
- **Smarter Information and Advice** – this Committee is responsible for this priority, and will receive an update at the meeting in November. Significant work has been carried out, led by the Assistant Director Community, Information and Learning (Ceri Sumner), including developing the new service directory. This priority is a key enabler in delivering demand reduction for social care. We are looking to develop ways for individuals to access services in a modern, efficient and appropriate way, in particular to make sure that

those who can self-serve are encouraged to do so, and additional support is available for those who need it the most. The Committee will receive updates on progress with this priority.

- **Digital Norfolk** – this priority stemmed from our initial work in developing a customer service strategy, and our Customer Services teams are actively engaged. Although this workstream is owned by the Digital Innovation and Efficiency Committee, there will be benefits for Communities Committee services, not least by tackling social isolation through better use of new technology to deliver services of the future in a different way.
- **Local Service Strategy** – the majority of Communities Committee services are delivered in localities, and are the face/front door of the County Council. We are actively involved in developing the scope of this priority, which is likely to include better utilisation of our buildings and front-line resources, and better join up of community provided services.
- **Commercialisation** – a number of Communities Committee services rely on generating income and operating under business like principles, for example Museums, NCLS and Registration Services. These services are working to identify and implement those areas where it may be beneficial to take a more commercial approach, which could take a number of different forms.

### Delivery of budget savings proposals already agreed

5.11. There are no current issues in terms of successful delivery of budget saving proposals previously agreed by Members, and at this stage they are all expected to be delivered on time as planned.

## 6. Budget Timetable

6.1. The Council's overarching budget setting-timetable for 2019-20 was agreed by County Council in February as part of the 2018-19 Budget. The timetable is updated as further information becomes available (for example about the timing of Government announcements). The latest version of the timetable is set out in the table below.

**Table 5: Budget setting timetable 2019-20 to 2021-22**

Activity/Milestone	Time frame
County Council agree recommendations for 2018-22 including that further plans to meet the shortfall for 2019-20 to 2021-22 are brought back to Members during 2018-19	12 February 2018
Spring Statement 2018 announced	13 March 2018
Consider implications of service and financial guidance and context, and review / develop service planning options for 2019-22	February – June 2018
Member review of the latest financial position on the financial planning for 2019-22	July 2018
Development of savings proposals 2019-22	June – September 2018
Member review of service and budget planning position including savings proposals	Committees in October 2018
Consultation on new planning proposals and council tax 2019-22	Late October to December 2018 / January 2019

Chancellor's Autumn Budget 2018	TBC November / December 2018
Provisional Local Government Finance Settlement	December 2018
Service reporting to Members of service and financial planning and consultation feedback	January 2019
Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	Mid-January 2019
Confirmation of District Council tax base and Business Rate forecasts	31 January 2019
Final Local Government Finance Settlement	TBC February 2019
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	28 January 2019
County Council agree Medium Term Financial Strategy 2019-20 to 2021-22, revenue budget, capital programme and level of council tax for 2019-20	11 February 2019

## 7. Financial implications

- 7.1. Potentially significant financial implications are discussed throughout this report. Any implications of the Autumn Budget and the three changes expected to be implemented in 2020-21 will be reflected as far as possible in the Council's 2019-20 budget planning, and these impacts will need to be refined as further information is made available by Government.
- 7.2. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).
- 7.3. Risks relating to budget setting are also detailed in the Council's budget papers. There is a risk in relation to the Comprehensive Spending Review and the Fair Funding Review that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where the Fair Funding Review results in a redistribution between authority types or geographical areas.

## 8. Issues, risks and innovation

- 8.1. Significant risks, assumptions, or implications have been set out throughout the report. Some general risks relating to development of budget proposals are as follows:-
- Income generation - as we continue to maximise and increase reliance on generation of income from various sources and become more reliant on market factors, we increase our risk. This includes work as part of the Commercialisation priority under Norfolk Futures.
  - External funding – there are a number of projects and services being fully or partly funded by external funding, for example grants from other organisations and successful funding bids. Many of these include an element of match funding or similar expectations about the County Council's input. Reductions in revenue funding could impact on our ability to do this and we could risk losing funding or our ability to successfully bid for funding in the future.
  - Staffing - It is unlikely to be possible to deliver the level of savings required without some changes and reductions in staffing levels. The CES

Department has already made a number of changes/reductions to staff in recent years, including reducing the number of managers in the department, but further reductions will be needed. Although we will take steps to minimise the impact of any changes as far as possible, including by introducing new ways of working, there is a risk that a reduced workforce will directly impact on the level of service we are able to deliver.

- 8.2. Equality issues were considered in the Equality Impact Assessment of 2018-19 budget proposals. Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, new 2019-22 saving proposals, and the Council's Budget as a whole, will be subject to equality and rural impact assessments later in the budget-setting process.

## 9. Background Papers

Norfolk County Council Vision and Strategy

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/council-vision-and-strategy>

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 Budget Book 2018-22

<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>

Strategic and Financial Planning 2019-20 to 2021-22 (Item 10, Policy and Resources Committee, 16 July 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1419/Committee/21/SelectedTab/Documents/Default.aspx>

## Officer Contact

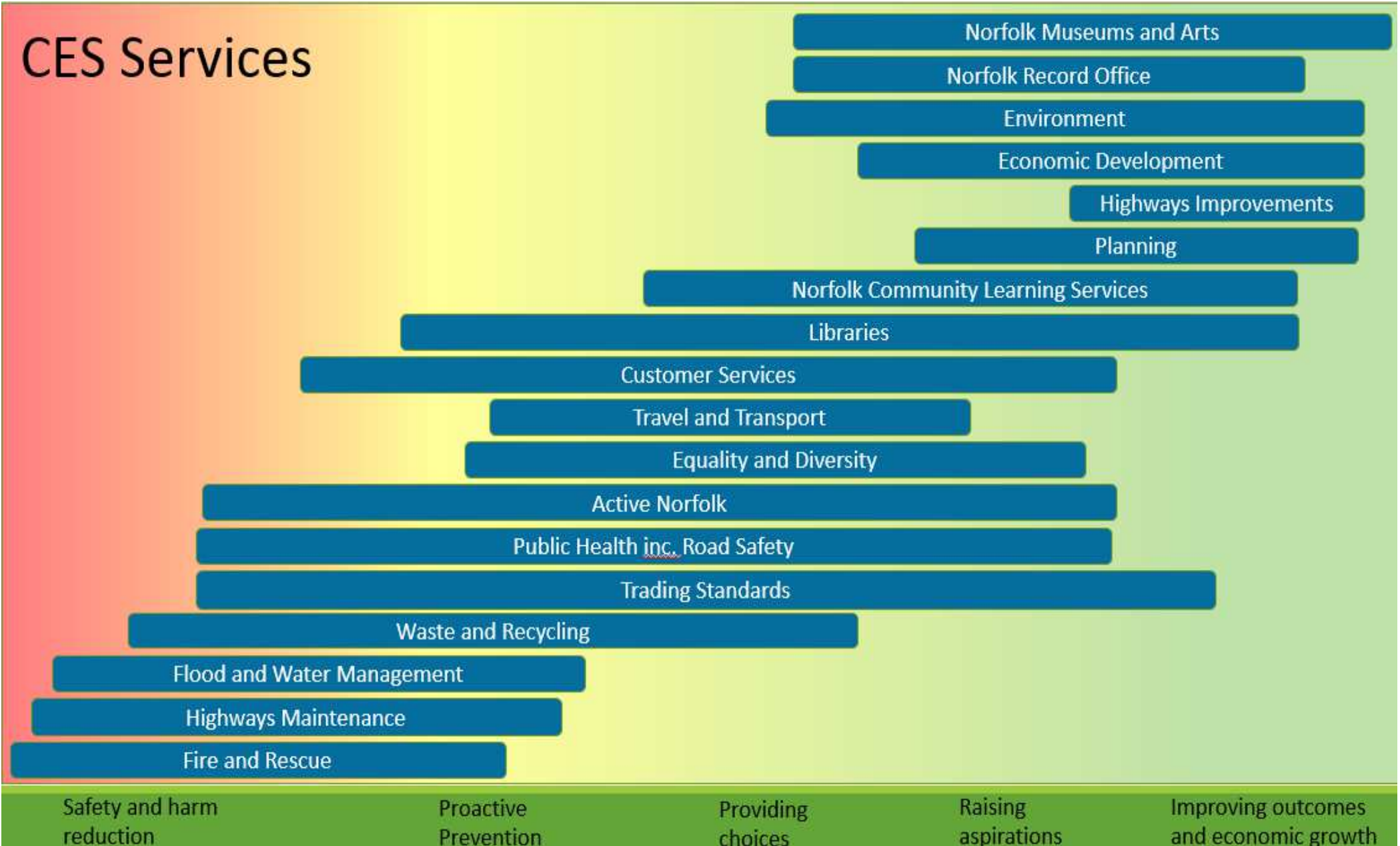
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# CES Services



## **Savings Approach**

### *Cost Reduction*

- Reduction of cost through capitalisation and other programmes
- Risk based approach to service delivery
- Short term investment to delivery long term benefits; e.g. upgrade to digital
- Maintenance of services to ensure public safety and integrity of infrastructure

## **Savings Approach**

### *Collaboration*

- Reduction of ongoing revenue costs through delivery of Norfolk Futures – specifically supporting demand and cost reduction in social care
- Organisation of assets in line with the emerging Local Service Strategy
- Risk stratification approach to service delivery, focusing on community resilience and implementation of four strategic principles
  - Prevent and reduce demand
  - Joining up services
  - Use of digital
  - Targeting of services

## **Savings Approach**

### *Development*

- Income generation through an increase in the visitor economy and investment in key infrastructure
- Transition toward self sustainability and continuing commerciality
- Skills agenda supporting the Industrial Strategy and New Anglia LEP priorities
- Developing alternative delivery vehicles
- Increased financial contributions from external contracts/agreements
- Securing external funding
- Invest to save initiatives
- Developing partnerships to promote economic growth