

Policy and Resources Committee

Date: **Monday 8 February 2016**

Time: **10am**

Venue: **Edwards Room, County Hall, Norwich**

SUPPLEMENTARY A g e n d a

- | | |
|---|---------------------|
| 6v. County Council Budget 2016-17 to 2019-20: Revenue Budget 2016-17
Report by Executive Director of Finance | (Page A3) |
| 6vi. County Council Budget 2016-17 to 2019-20: Statement on the Adequacy of Provisions and Reserves 2016-20
Report by Executive Director of Finance | (Page A129) |
| 6vii. County Council Budget 2016-17 to 2019-20: Robustness of Estimates
Report by Executive Director of Finance | (Page A159) |
| 6ix. County Council Budget 2016-17 to 2019-20: Medium Term Financial Strategy 2016-20
Report by Executive Director of Finance | (Page A173) |

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Supplementary Agenda Published: 3rd February 2016



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

Policy and Resources Committee

Item No 6v

Report title:	County Council Budget 2016-17 to 2019-20: Revenue Budget 2016-17
Date of meeting:	8 February 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact This report provides the detailed financial information to support the Policy and Resources Committee's Revenue Budget and Council Tax recommendations. It sets out the background to consideration of the 2016-17 Revenue Budget, initial growth and savings budget proposals for 2017-18 to 2019-20, and a proposal for the level of Council Tax in 2016-17.	

Executive summary

This report sets out the detailed revenue budget proposals covering 2016-17 and the different options for the level of Council Tax / precept for 2016-17. This paper is one of a suite of reports to this meeting that support decisions on the budget recommendations to County Council. This report reflects discussions between the Council's political leadership, for the purposes of this report this is defined as the Leader, Deputy Leader, and the Leader of the largest political group. These discussions took place to ensure the Council sets a balanced budget that was prepared for the overall benefit of Norfolk.

The key information to support the budget recommendations are contained in separate reports under this agenda item.

The Government has made assumptions in the Spending Review and in the Provisional Local Government Settlement based on councils raising Council Tax in line with CPI inflation and also taking full advantage of the additional discretion available to levy a social care precept. Decisions to raise Council Tax by less than the government's inflation assumptions, or a decision not to exercise the full discretion to raise a social care precept, will therefore lead to a progressively greater underfunding of the Council through the Spending Review period. No Council Tax Freeze Grant is being offered by the Government in respect of 2016-17.

Taking into account consultation responses, feedback from Service Committees, and agreement between the Council's political leadership, this report has been prepared on the basis of **an increase in Council Tax of 1.99%, plus a 2% increase in Council Tax in respect of the new Social Care precept, an overall increase in Council Tax of 3.99%.**

Recommendations:

1. Noting the specific recommendations for budgets and saving proposals relating to the Policy and Resources Committee's own budgets, as set out in Appendix F, Policy and Resources Committee is asked to agree to recommend to County Council:
 - a) An overall County Council Net Revenue Budget of £338.960m for 2016-17, including budget increases of £124.950m and budget decreases of £104.418m as set out in Table 7 of this report, and the actions required to deliver the proposed savings.
 - b) The budget proposals set out for 2017-18 to 2019-20, including authorising Chief Officers to take the action required to deliver budget savings for 2017-18 to 2019-20 as appropriate.
 - c) With regard to the future years, that further plans to meet the remaining budget shortfalls in the period 2017-18 to 2019-20 are developed and brought back to Members during 2016-17.
 - d) Note the comments of the Section 151 Officer, at paragraph 2.13(b) and Appendix D, on the financial impact of an increase in Council Tax, as set out in section 3, and confirm, or otherwise, the assumptions that:
 - i. the Council's 2016-17 budget will include a general Council Tax increase of 1.99% and a precept of 2% for Adult Social Care, and overall increase of 3.99% (shown at Appendix D).
 - ii. the Council's budget planning in future years will include Council Tax increases for CPI in line with Government assumptions as set out in the Spending Review 2015, plus an increase of 2% for Adult Social Care in each year that this is made available.
 - e) That the Executive Director of Finance be authorised to transfer from the County Fund to the Salaries and General Accounts all sums necessary in respect of revenue and capital expenditure provided in the 2016-17 Budget, to make payments, to raise and repay loans, and to invest funds.
 - f) That the Executive Director of Finance be authorised to take appropriate steps to ensure that the Council is in a position to access the four-year allocations of funding set out in the Provisional Local Government Finance Settlement.
2. Policy and Resources Committee is asked to recommend the Integrated Risk Management Plan (IRMP) to County Council for approval, subject to the Chief Fire Officer and the Director of Community and Environmental Services amending the draft IRMP to reflect the outcomes of the Committee deliberations at this meeting.

1. Introduction

- 1.1. The report to Policy and Resources on 1 June 2015 marked the start of the Council's planning cycle for 2017-18 to 2018-19, when the Committee agreed "Re-imagining Norfolk" as the framework for the development of the Council's strategy. This report set out a strategy for change for the County Council to radically redesign every aspect of its role and the way it delivers services,

committing the Authority to delivering the Council's vision and priorities for Norfolk by working effectively across the whole public service on a local basis. Re-imagining Norfolk is based on three key elements:

- **Focussing on our priorities** – excellence in education, real jobs, improved infrastructure, and supporting vulnerable people.
- **One public service** – redesigning services around people's lives; achieving better outcomes; improving digital services; new collaborations with our public sector partners and local communities.
- **A smaller, leaner council** – ruthlessly driving out costs, getting more value, understanding the real cost of services.

- 1.2. Re-imagining Norfolk also set out details of the forecast financial prospects for local government, and thus the financial context for the Council's medium term planning, as well as the outline timetable for Service Committees to follow in reshaping services and developing budget plans leading up to the County Council budget meeting on 22nd February 2016. Budget proposals were subject to consultation, and the Council undertook the Re-imagining Norfolk Budget Consultation between 30th October 2015 and 14th January 2016, the response to which is reported on this agenda. Policy and Resources Committee has also received reports, elsewhere on this agenda, providing additional information for the Committee in considering the recommendations for the revenue budget. These are:

- Strategic and Financial Planning 2016-20 (including findings from the Budget Consultation and the outcome of the Equality Impact Assessments of budget proposals);
- Robustness of estimates 2016-20;
- Statement on the adequacy of provisions and reserves 2016-20;
- Medium Term Financial Strategy 2016-20;
- Capital Programme 2016-20;
- MRP Policy 2015-16 and 2016-17;
- Annual Investment Treasury Strategy 2016-17.

- 1.3. The purpose of this report is to set out the detailed revenue budget position for 2016-17, medium term budget plans for 2016-17 to 2019-20 and implications for Council Tax for 2016-17.

2. Background Information

National Planning Context

- 2.1 The Department for Communities and Local Government (DCLG) announced the detailed provisional finance settlement for local government on 17th December 2015. A briefing paper was circulated to all Members and Chief Officers on 23rd December 2015 and reported to Service Committees in January 2016. The briefing paper provided provisional details for 2016-17:

- Settlement Funding Assessment including:

- Business Rates
 - Revenue Support Grant
 - Figures for the Norfolk Business Rates Pool
 - Some specific grants
- 2.2 The publication of the settlement represents the start of the consultation period for the 2016-17 Draft Local Government Finance Report. The deadline for the submission of responses to the consultation was 15th January 2015.
- 2.3 The Provisional Local Government Finance Settlement confirmed further reductions in key funding for local authorities, with Norfolk County Council receiving a headline 10.29% reduction in its Settlement Funding Assessment (Revenue Support Grant and Business Rates) for 2016-17. However for 2016-17 the Government also made some fundamental changes to the Settlement Funding Assessment by rolling in a number of previously separate funding streams, including funding for the Care Act, meaning the Council faces a higher overall reduction in funding than is implied by the headline settlement figure as discussed later in this report.
- 2.4 The Government also announced indicative funding allocations for Local Authorities up to the end of the parliament in 2019-20, for those Councils which accept the offer, and have published an “efficiency plan”. Based on these allocations, Norfolk would expect further reductions to its Settlement Funding Assessment of 11.10% in 2017-18, 7.02% in 2018-19 and 6.99% in 2019-20, a total reduction of 31.03% by 2019-20 compared to the 2015-16 actual funding.
- 2.5 At the Spending Review, the Chancellor announced that there would be greater flexibility for councils providing social care to levy a precept of up to 2% on Council Tax annually. This is to be used exclusively to fund Adult Social Care, and is over and above the existing Council Tax referendum limit.
- 2.6 No Council Tax freeze funding is on offer to authorities that do not increase Council Tax in 2016-17. In contrast to previous years, the Government has made assumptions in the Spending Review and in the Provisional Local Government Settlement based on councils raising Council Tax in line with CPI inflation and also taking full advantage of the additional discretion available to levy a social care precept.
- 2.7 Greg Clark, Secretary of State for Communities and Local Government, announced on 17th December 2015 that the Council Tax referendum threshold would be maintained at 2% in 2016-17. This is distinct from any increase levied for the social care precept.
- NCC budget planning process and framework**
- 2.8 A report to Policy and Resources Committee on 1st September 2015 set out the latest budget planning position and the planning direction for the period 2016-19. Policy and Resources Committee agreed the approach for developing budget proposals. The table below provides an overview of the budget planning timetable and milestones since June 2015. This included on 26th October 2015

the Committee agreeing the arrangements for the budget consultation that was launched at the end of October 2015.

Table 1: Budget and service planning timetable

Activity/Milestone	Time frame
Policy and Resources Committee considers and agrees Re-imagining Norfolk strategy	June 2015
Service Committees receive reports setting out financial context and planning assumptions.	July 2015
Service Committees consider initial savings proposals and undertake service planning in the context of 75% of addressable budgets	September 2015
Policy and Resources Committee receives feedback on initial service and financial planning and reviews the latest forecast financial position for 2016-17 to 2018-19	28 September 2015
Member review of any further financial updates or information from expected Government consultations affecting funding settlement Service Committees consider further proposals for savings to close budget gap, and agree proposals requiring public consultation	October 2015
Policy and Resources Committee considers budget proposals in the round	26 October 2015
Consultation on new planning proposals and Council Tax 2016-17 to 2018-19	November 2015 to January 2016
Spending Review and Autumn Statement 2015	25 November 2015
Assess implications of Spending Review 2015	Late November and December 2015
Provisional Finance Settlement	Late December 2015
Consultation closes	14 January 2016
Service reporting to Members of service and financial planning and consultation feedback	January 2016
Committees consider outcomes of public consultation and local government settlement, and agree revenue budget and capital programme recommendations to County Council	Late January 2016
Policy and Resources consider consolidated budget position to recommend budget proposals to County Council	8 February 2016
County Council agree Medium Term Financial Strategy, revenue budget, capital programme and level of Council Tax	22 February 2016

- 2.9 During July/August and September/October, Chief Officers, and Committee Chairs and Vice-Chairs undertook two rounds of challenge sessions to consider all budget plans and spending proposals. This included peer review and an

opportunity to evaluate initial proposals, risks arising from savings proposals and emerging planning issues for services. The most significant spending implications affecting the Council continue to relate to Adults, Children's Services, and Waste, and in particular:

- Embedding the new strategy, "Promoting Independence", for Adults service delivery, further developing integrated arrangements with Health (Better Care Fund), including drawing up plans in 2017 for the integration of health and social care services by 2020, implementing major legislative change (Care Act duties relating to wellbeing and prevention), whilst dealing with rising demographic pressures and the impact of the National Living Wage;
- Children's Services working with the new Commissioner to deliver improvements, particularly in services for children in and leaving our care, and continuing the implementation of changed service provision; and
- Increased waste tonnages, arising from climate and societal change.

2.10 Subsequent work has been undertaken in January, following Service Committee review of budget proposals and public consultation feedback, to further develop the Council's budget plans. This has included taking into account late changes in District Councils' final Council Tax and Business Rates positions. Work has been undertaken in consultation with the Council's political leadership in order to agree the shape of the final proposed 2016-17 Budget. Details of the final amendments proposed in the 2016-17 budget as a result of this process are set out in Table 5 below.

2.11 Together with the funding announcements within the provisional Local Government Funding Settlement for 2016-17 and identified savings, the forecast surplus for 2017-18 to 2019-20 is £0.467m, however this includes deficits in 2017-18 and 2019-20. Further details of the provisional Local Government Finance Settlement were circulated to members in December.

Income

2.12 The Council has four main funding streams:

- Business Rates Retention Scheme
- Council Tax
- Specific Grants
- Fees and Charges

2.13 The main highlights to consider are:

- (a) **Business Rates Retention Scheme** – the provisional Local Government Funding Settlement included information on the Settlement Funding Assessment, which includes the authority's Revenue Support Grant (RSG) and business rates baseline funding level uprated in line with RPI. In order to ensure that local government spending is within the national departmental expenditure limits, after taking into account the business rates baseline funding, the Revenue Support Grant is a balancing figure and subsequently is reducing year on year in line with the Government's deficit reduction plan.

In 2016-17 the Government has changed the methodology for distributing reductions in funding to reflect an authority's "core spending power" which includes the Settlement Funding Assessment (Business Rates Baseline Funding and RSG), New Homes Bonus, the local government element of the Improved Better Care Fund (from 2017-18), Rural Services Delivery Grant, and the Council Tax Requirement. The assessment of core spending power has been used as a mechanism to distribute reductions in Revenue Support Grant to ensure that within each tier of Local Government (upper-tier, lower-tier, fire and rescue, and GLA other services), authorities of the same type receive the same percentage change in settlement core funding. The inclusion of Council Tax in this calculation represents a significant change in Government policy.

The Government has also made some fundamental changes to the Settlement Funding Assessment, with a number of funding streams from 2015-16 having been consolidated into the Upper Tier and Fire and Rescue lines in the 2016-17 Settlement Funding Assessment. The Government has therefore published adjusted 2015-16 Settlement Funding Assessment figures for comparative purposes. The tables below show the breakdown of the provisional 2016-17 Settlement Funding Assessment compared to the actual and adjusted 2015-16 allocations and the component elements of the Settlement Funding Assessment and how the Council will receive this funding. In overall terms this shows a reduction of £28.731m or -10.29% to core government funding compared to the 2015-16 actual, or £37.125m (-12.91%) compared to the Government's comparative figure.

Table 2: Settlement Funding Assessment changes

	2015-16 Actual	2015-16 Adjusted	2016-17 Provisional	% Change (actual to provisional)	% Change (adjusted to provisional)
	£m	£m	£m		
Upper-tier funding within Baseline Funding Level		133.542	134.655		0.83%
Fire and Rescue within Baseline Funding Level		7.156	7.215		0.83%
Total Baseline Funding Level	140.698	140.698	141.870	0.83%	0.83%
Upper-tier funding within RSG		138.803	101.696		-26.73%
Fire and Rescue within RSG		8.006	6.816		-14.86%
Total Revenue Support Grant	138.416	146.809	108.511	-21.60%	-26.09%
Total Settlement Funding Assessment	279.113	287.507	250.382	-10.29%	-12.91%

Table 3: Breakdown of Settlement Funding Assessment

	2015-16 Actual £m	2016-17 Provisional £m
Settlement Funding Assessment	279.113	250.382
<i>Received through:</i>		
Revenue Support Grant	138.415	108.511
Business Rates Baseline	140.698	141.870
<i>Via: Top-up</i>	<i>114.729</i>	<i>115.685</i>
<i>Retained Rates</i>	<i>25.969</i>	<i>26.185</i>

- (b) **Council Tax** – as part of the Spending Review, the Chancellor announced that there would be greater flexibility for councils providing social care to levy a precept of up to 2% on Council Tax annually. This is to be used exclusively to fund Adult Social Care, and is over and above the existing Council Tax referendum limit, which has also been confirmed at 2%. The Government has made assumptions in its financial planning which are based on councils raising Council Tax in line with CPI inflation and also taking full advantage of the additional discretion available to levy a social care precept.

The Government has not chosen to offer a Council Tax Freeze Grant in 2016-17 for councils that decide to freeze Council Tax. The 2015-16 Council Tax Freeze Grant has been built into the settlement funding assessment for subsequent years, which means that it will not be removed in future years. Whilst this change to the grant provides some additional stability, it remains subject to Government funding interventions, including continued reductions of Revenue Support Grant to ensure councils operate within the Government Departmental Expenditure Limits.

However, the level of Council Tax remains a matter for local councils and the four options open to the council are therefore to:

- Decrease council tax;
- Freeze council tax;
- Increase council tax below the council tax referenda limits; or
- Increase council tax above the council tax referenda limits and undertake a council tax referendum within Norfolk.

Irrespective of which of the options above is pursued with regard to general Council Tax, the council must then also decide whether to exercise its new discretion to:

- Increase council tax by up to 2% in respect of the social care precept.

These **budget papers have been prepared on the basis of a 2% increase in Council Tax for Adult Social Care and a 1.99% increase in general (basic) Council Tax.** As a result of the Government's assumptions about local authorities' abilities to raise Council Tax, any decision to raise Council

Tax by less than the government's inflation assumptions, or a decision not to exercise the full discretion to raise a social care precept, will lead to a progressively greater underfunding of the Council through the Spending Review period.

- (c) **Other income** – a table on total government grant funding is included in this report at Appendix A. Changes to NHS Social Care funding were implemented from 2015-16 and work is now ongoing with the Norfolk Clinical Commissioning Groups to agree the Better Care Fund for 2016-17, including the level of funding that NCC will receive to fund its commitments and the risk sharing arrangements. The pressures remaining, following the agreement of the fund, have been reflected in the 2016-20 budget. Further details are included in the Medium Term Financial Strategy report elsewhere on this agenda.

Expenditure – underlying trends

2.14 The aim of the budget planning process is to deliver a robust budget that supports the Council's priority areas but is affordable within reduced funding. The major areas of cost affecting Norfolk County Council that have been incorporated into the 2016-20 budget plans are:

- a) **Price inflation** – more of the Council's services continue to be delivered externally to the County Council – through partners and private sector contracts and via the Council's own company Norse – therefore contractual arrangements are a key driver of the Council's cost pressures. Over half of the Council's spend is via third party contracts and the effective management of these contracts, to ensure both value for money and proper standards of service, is critical.
- b) **Demographics** – demand for services continues to rise, both through the age profile of the county and through changes to need. Preventative strategies are helping to stem the increases. In areas such as supporting looked after children, new strategies developed in 2014 are starting to take effect and to deliver the planned improvements reflected in the planned savings.
- c) **National single tier pension** – funding plans for 2016-17 include provision for increased costs of new government legislation that will increase national insurance employer costs for the Council. Currently, for employees in the Local Government Pension Scheme, the council pays a reduced employer National Insurance rate.
- d) **National Living Wage** – the costs of implementing the Government's new National Living Wage from 2016-17, for both the Council's directly employed staff and contracted services.
- e) **Apprenticeships Levy** – the budget includes provision for a new levy to fund three million apprenticeships nationally, set at 0.5% of payroll, which will apply from 2017-18.

- 2.15 In addition, the Capital Programme will be funded from external capital grants, capital receipts, prudential borrowing, revenue budgets and / or reserves. The majority of new schemes are funded from capital grants received from central government departments. The largest capital grants are from the Department for Transport and the Department for Education, and this is reflected in the balance of the programme. Capital receipts can only be used to fund capital expenditure, which in turn reduces the future revenue impact of borrowing, or to repay debt. The future annual revenue cost of prudential borrowing can be significant (approximately 10% of the amount borrowed) and these costs are reflected in the revenue budgets presented in this report. A separate report to Policy and Resources Committee, elsewhere on this agenda, sets out the detail of the Capital Strategy, the 2016-20 programme and funding plans.
- 2.16 Our financial planning assumptions for future years take account of the latest monitoring position for 2015-16, as reported to Policy and Resources Committee elsewhere on this agenda.
- 2.17 The financial planning context is set out in the Medium Term Financial Strategy 2016-20 report to Policy and Resources Committee elsewhere on this agenda.
- 2.18 The report on the Robustness of Estimates 2016-20 sets out the Executive Director of Finance's (Section 151 Officer) report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget. The factors and budget assumptions used in developing the 2016-20 budget estimates are set out in that report. The level of reserves has been analysed in terms of risk and is reported separately to Policy and Resources Committee elsewhere on this agenda. The recommended level of general balances is £19.2m for 2016-17 and the Medium Term Financial Strategy 2016-20 assumes that general balances will remain at or above this level.

Expenditure and savings – proposals

- 2.19 In October, it was reported to the Policy and Resources Committee that a broadly balanced budget could be achieved with £123.163m of savings identified for consultation. Since the production of that report, a number of factors have emerged which required changes to the Council's budget plans. These include the identification of new and increased budget pressures, a worsening of the Council's position following the announcement of the Provisional Local Government Finance Settlement in December, and detailed work undertaken by Services to review and validate the deliverability of existing savings proposals. The table below sets out how the Council's budget position has developed since October 2015.

Table 4: Budget Adjustments since October

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	Total £m
Budget Gap b/f	42.028	43.651	24.914	0.000	110.593
October P&R adjustment	-10.000	0.000	10.000	0.000	0.000
Remove non deliverable 2016-17 savings from 2015-16 budget round	10.653	0.000	0.000	0.000	10.653
Add newly identified 2016-17 savings before P&R amendment	-36.896	-43.375	-93.141	0.000	-173.412
October P&R gap before savings proposals amendment	5.785	0.276	-58.227	0.000	-52.166
New savings removed by 26 October P&R	0.000	3.110	47.139	0.000	50.249
October P&R gap after savings proposals amendment	5.785	3.386	-11.088	0.000	-1.917
<u>Changes since Policy and Resources Committee 26/10/15</u>					
Funding changes from Settlement - December 2015	4.348	-1.729	-14.835	1.367	-10.849
Add 2019-20 demand and demographic pressures	0.000	0.000	0.000	6.000	6.000
Less inflation adjustment (including reduction to forecast CPI)	-2.339	-0.215	0.216	10.516	8.178
Business risk funded in 16-17 from 15-16 underspend	0.000	5.000	0.000	0.000	5.000
Other changes in budget pressures	-0.422	0.142	10.728	11.664	22.112
Further removal of undeliverable savings	11.311	9.705	3.880	0.000	24.896
Adjustment and reprofile of Property savings P&R027 and P&R030	1.130	1.470	-1.000	-1.000	0.600
Add new Insurance Fund saving (one-off)	-2.000	2.000	0.000	0.000	0.000
Use of Organisational Change Reserve to fund Social Care system in 2016-17 (one-off)	-0.478	0.478	0.000	0.000	0.000
Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (one-off)	-0.500	0.500	0.000	0.000	0.000
Add new saving from use of Organisational Change Reserve in 2016-17 (one-off)	-0.700	0.700	0.000	0.000	0.000
Business Rates from districts NNDR1	0.839	0.000	0.000	0.000	0.839
Business Rates Section 31 Grant	0.414	0.000	0.000	0.000	0.414
Savings removal and Growth proposals requested by Committees (Table 5)	4.289	-0.192	0.616	0.000	4.713
<u>Council Tax changes</u>					
Remove Council Tax saving delivered in surplus and tax base below	1.200	0.000	0.000	0.000	1.200
Collection Fund reversal to trend levels	0.000	4.000	0.000	0.000	4.000
Council Tax surplus	-4.531	0.000	0.000	0.000	-4.531
Tax Base	-5.633	-0.037	-0.100	-1.608	-7.378
ASC Precept 2%	-6.368	-6.560	-6.756	-6.958	-26.642
Council Tax increase (1.99%, 1.8%, 1.9%, 1.99%)	-6.345	-6.148	-6.909	-7.700	-27.102
Budget Gap	0.000	12.500	-25.248	12.281	-0.467

2.20 Following review of budget proposals and responses to the public consultation by Service Committees, and discussions between the Council's political leadership, a number of further changes to the 2016-17 Budget have been proposed. These are based on the **assumption that Council Tax will be increased by 3.99%, incorporating a general Council Tax increase of 1.99%, and an increase of 2% in respect of the adult social care precept.** This compares to an assumed increase reported to Service Committees of 3.2%, incorporating a general Council Tax increase of 1.2%, and an increase of 2% in respect of the adult social care precept.

2.21 The table below summarises the changes following Service Committees and reviews by the Council's political leadership (these are also reflected in Tables 4 and 6). Growth items 1E and 1F were added at the request of the Chair of the Economic Development Subcommittee, and with the agreement of the political leadership of the Council.

Table 5 – Changes from Committee and member decisions

Reference	Saving / Growth items	2016-17 £m	2017-18 £m	2018-19 £m
	<u>Saving Removals and Reprofilng</u>			
	Adults			
COM033	Reprofile Wellbeing (part) – Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	0.500	-0.500	0.000
		0.500	-0.500	0.000
	Children			
CHL011	Reduce our funding for youth work - we are proposing to reduce the funding for some of the projects we run that support young people. We are proposing to reduce funding for our youth advisory boards to pay for positive activities for young people, including young people that are risk of becoming not in education, employment or training (NEET). We are also proposing to stop funding the Young People and Debt project in Norwich and reduce our funding for Momentum Norfolk by 50%	0.605	0.105	0.105
		0.605	0.105	0.105
	Communities			
CMM030	Fire service - re-design of operational activities - reducing crews on retained fire stations down to a minimum establishment, removing 2nd appliances and their retained crews (assumes the redeployment of WDS staff in CMM023 is not taken forward as this is mutually exclusive of this option)	0.200	0.200	0.765
CMM014	Norfolk Arts Service grants - reduce grants provided by the Norfolk Arts Service	0.010	0.000	0.000

Reference	Saving / Growth items	2016-17 £m	2017-18 £m	2018-19 £m
CMM015	Norfolk Museums Service lone working - move to lone working across the 10 museums managed by the Norfolk Museums Service, where it is safe to do so	0.050	0.000	0.000
CMM019	Norfolk Record Office – search room, new archives and conservation work - reduce service standards for the Norfolk Record Office to reduce hours for the search room, accept new items for the archives two days a week only with an appointment and reduce conservation work	0.066	0.000	0.000
CMM020	Norfolk Record Office - opening hours and specialist archive work - reduce the opening hours by 42% to approximately 24 hours per week and stop the archive specialist working at the Norfolk and Norwich Millennium Library	0.020	0.020	0.042
CMM021	Libraries materials spend and associated staff - reduce library spend on stock and the staff who manage new stock	0.199	0.100	0.000
CMM022	Reprofile Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines	0.000	0.622	-0.622
CMM028	Museums service re-design - re-design the museums service to focus on the three main sites (Norwich Castle, Gressenhall and Time and Tide) with the only a basic level of service at the remaining seven sites	0.050	0.276	0.326
CMM023	Fire service operational support reductions and redeployment of WDS staff - re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focussed activities	0.300	0.000	0.000
		0.895	1.218	0.511
	EDT			
EDT030	Highways maintenance standards - reduce/revise some non-safety critical highway maintenance standards	0.161	0.735	0.000
EDT026	Historic Environment service - redesign the Historic Environment service to deliver only the statutory service elements	0.172	0.000	0.000
		0.333	0.735	0.000
	Subtotal – Savings	2.333	1.558	0.616
	<u>Growth Items</u>			

Reference	Saving / Growth items	2016-17 £m	2017-18 £m	2018-19 £m
1A	Reopen Docking Recycling Centre	0.070	0.000	0.000
1B	Restore full time opening at Ashill, Heacham and Morningthorpe Recycling Centres	0.051	0.000	0.000
1C	Restore Bank Holiday Opening at Recycling Centres	0.085	0.000	0.000
1D	Establish Road Maintenance and Small Projects Fund (Potholes)	1.500	-1.500	0.000
1E	Supporting young people into work and enterprise working with the Prince's Trust	0.200	-0.200	0.000
1F	Investment in Hethel Technology Park to develop long term vision and job creation	0.050	-0.050	0.000
	Subtotal – Growth	1.956	-1.750	0.000
	Total	4.289	-0.192	0.616

2.22 Table 6 sets out details of all the changes to savings proposals which have occurred since October 2015. This includes the removal of a number of savings, and the reprofiling of others to reflect realistic plans for their delivery following further detailed review. This includes the changes proposed following Service Committee meetings in January 2016, which are listed in Table 5.

Table 6: Savings changes

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
2016-17						
New 2016-17 savings proposals reported from Service Committee to P&R (26 October 2015)	-10.136	-3.091	-6.057	-1.991	-15.621	-36.896
Savings proposals removed by P&R prior to consultation	0.000	0.000	0.000	0.000	0.000	0.000
Existing 2015-16 Budget Round savings removed by P&R (26 October 2015)	4.300	5.920	0.280	0.000	0.153	10.653
Existing 2016-17 savings from 2015-16 and earlier budget rounds	-7.534	-11.901	-1.756	-2.024	-4.825	-28.040

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Remove Adults savings from 2015-16 and earlier budget rounds (COM018, COM026, ASC002)	0.735	0.000	0.000	0.000	0.000	0.735
Remove Adults savings from 2016-17 proposals - Supporting People (ASC012)	5.100	0.000	0.000	0.000	0.000	5.100
Remove Children's savings from 2015-16 and earlier budget rounds (CHI001)	0.000	2.081	0.000	0.000	0.000	2.081
Remove Communities savings from 2015-16 and earlier budget rounds (CMM007 and Public Health)	0.000	0.000	0.000	1.175	0.000	1.175
Remove P&R savings from 2015-16 and earlier budget rounds (GET015)	0.000	0.000	0.000	0.000	1.300	1.300
Adjust for Council Tax saving delivered in tax base changes	0.000	0.000	0.000	0.000	1.200	1.200
Add new one-off Insurance Fund saving (P&R068)	0.000	0.000	0.000	0.000	-2.000	-2.000
Reprofile Advertising saving to 2017-18 (P&R030)	0.000	0.000	0.000	0.000	0.100	0.100
Reprofile Carrow House saving to 2017-18 (P&R027)	0.000	0.000	0.000	0.000	0.430	0.430
Remove Public Health saving delivering 2015-16 savings (CMM038)	0.000	0.000	0.000	0.720	0.000	0.720
Remove Resources saving delivered from one-off sources 2015-16 (P&R044)	0.000	0.000	0.000	0.000	0.200	0.200
Transfer 15-16 savings between EDT / Communities Committees (CMM007)	0.000	0.000	0.250	-0.250	0.000	0.000
Remove Property saving (P&R027)	0.000	0.000	0.000	0.000	0.600	0.600
Use of Org Change Reserve to fund Social Care system in 16-17 (P&R069)	0.000	0.000	0.000	0.000	-0.478	-0.478
Reprofile reduce funding for wellbeing activities (COM033)	0.500	0.000	0.000	0.000	0.000	0.500
Remove reduce our funding for youth work (CHL011)	0.000	0.605	0.000	0.000	0.000	0.605
Remove Fire service - re-design of operational activities - (CMM030)	0.000	0.000	0.000	0.200	0.000	0.200

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Remove reduce grants provided by the Norfolk Arts Service (CMM014)	0.000	0.000	0.000	0.010	0.000	0.010
Remove Norfolk Museums Service lone working (CMM015)	0.000	0.000	0.000	0.050	0.000	0.050
Remove- reduce service standards for the Norfolk Record Office (CMM019)	0.000	0.000	0.000	0.066	0.000	0.066
Remove Norfolk Record Office - opening hours and specialist archive work (CMM020)	0.000	0.000	0.000	0.020	0.000	0.020
Remove reduce library spend on stock and the staff who manage new stock (CMM021)	0.000	0.000	0.000	0.199	0.000	0.199
Remove Museums service re-design (CMM028)	0.000	0.000	0.000	0.050	0.000	0.050
Remove Fire service operational support reductions and redeployment of WDS staff (CMM023)	0.000	0.000	0.000	0.300	0.000	0.300
Remove revise some non-safety critical highway maintenance standards (EDT030)	0.000	0.000	0.161	0.000	0.000	0.161
Remove redesign the Historic Environment service (EDT026)	0.000	0.000	0.172	0.000	0.000	0.172
Use of Business Risk reserve to fund reprofiling of COM033 Adults saving	0.000	0.000	0.000	0.000	-0.500	-0.500
Use of Organisational Change reserve in 2016-17	0.000	0.000	0.000	0.000	-0.700	-0.700
Total 2016-17 Savings	-7.035	-6.386	-6.950	-1.475	-20.141	-41.987
Less one-off savings adjustments now shown elsewhere in Appendix C	-3.891	0.000	-0.750	0.000	-3.640	-8.281
Total 2016-17 savings as per Appendix C	-10.926	-6.386	-7.700	-1.475	-23.781	-50.268
2017-18						
New 2017-18 savings proposals reported from Service Committee to P&R (26 October 2015)	-19.595	-3.903	-3.806	-4.380	-11.691	-43.375
Savings proposals removed by P&R prior to consultation	2.000	0.924	0.000	0.186	0.000	3.110

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Existing 2017-18 savings from 2015-16 and earlier budget rounds	-0.800	0.000	0.000	0.100	-5.135	-5.835
Remove Adults savings from 2017-18 proposals - Transport (ASC014)	1.000	0.000	0.000	0.000	0.000	1.000
Reprofile Advertising saving from 2016-17 (P&R030)	0.000	0.000	0.000	0.000	-0.100	-0.100
Reprofile Carrow House saving from 2016-17 (P&R027)	0.000	0.000	0.000	0.000	-0.430	-0.430
Remove P&R savings from 2015-16 and earlier budget rounds (P&R026)	0.000	0.000	0.000	0.000	2.000	2.000
Reverse one-off Insurance Fund saving (P&R068)	0.000	0.000	0.000	0.000	2.000	2.000
Remove Public Health savings from 2016-17 proposals (CMM037)	0.000	0.000	0.000	2.500	0.000	2.500
Remove Communities savings from 2015-16 and earlier budget rounds (Public Health)	0.000	0.000	0.000	0.805	0.000	0.805
Remove reducing cost of employment saving (P&R067)	0.000	0.000	0.000	0.000	3.400	3.400
Use of Org Change Reserve to fund Social Care system in 16-17 (P&R069)	0.000	0.000	0.000	0.000	0.478	0.478
Reprofile Reduce funding for wellbeing activities (COM033)	-0.500	0.000	0.000	0.000	0.000	-0.500
Reprofile of property savings (P&R027)	0.000	0.000	0.000	0.000	2.000	2.000
Remove reduce our funding for youth work (CHL011)	0.000	0.105	0.000	0.000	0.000	0.105
Remove Fire service - re-design of operational activities - (CMM030)	0.000	0.000	0.000	0.200	0.000	0.200
Remove Norfolk Record Office - opening hours and specialist archive work (CMM020)	0.000	0.000	0.000	0.020	0.000	0.020
Remove reduce library spend on stock and the staff who manage new stock (CMM021)	0.000	0.000	0.000	0.100	0.000	0.100
Remove Museums service re-design (CMM028)	0.000	0.000	0.000	0.276	0.000	0.276

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Remove revise some non-safety critical highway maintenance standards (EDT030)	0.000	0.000	0.735	0.000	0.000	0.735
Reprofile Libraries self-service - introduce Open Plus technology (CMM022)	0.000	0.000	0.000	0.622	0.000	0.622
Use of Business Risk reserve to fund reprofiling of COM033 Adults saving	0.000	0.000	0.000	0.000	0.500	0.500
Use of Organisational Change reserve in 2016-17	0.000	0.000	0.000	0.000	0.700	0.700
Total 2017-18 Savings	-17.895	-2.874	-3.071	0.429	-6.278	-29.689
Less one-off savings adjustments now shown elsewhere in Appendix C	0.000	0.000	0.000	-0.100	0.000	-0.100
Total 2017-18 savings as per Appendix C	-17.895	-2.874	-3.071	0.329	-6.278	-29.789
2018-19						
New 2018-19 savings proposals reported from Service Committee to P&R (26 October 2015)	-43.355	-24.928	-12.691	-8.367	-3.800	-93.141
Savings proposals removed by P&R prior to consultation	18.563	23.579	0.000	4.997	0.000	47.139
Remove Adults savings from 2016-17 proposals - Transport (ASC014)	3.780	0.000	0.000	0.000	0.000	3.780
Remove Public Health savings from 2016-17 proposals (CMM037)	0.000	0.000	0.000	0.100	0.000	0.100
Reprofile of property savings (P&R027)	0.000	0.000	0.000	0.000	-1.000	-1.000
Remove reduce our funding for youth work (CHL011)	0.000	0.105	0.000	0.000	0.000	0.105
Remove Fire service - re-design of operational activities - (CMM030)	0.000	0.000	0.000	0.765	0.000	0.765
Remove Norfolk Record Office - opening hours and specialist archive work (CMM020)	0.000	0.000	0.000	0.042	0.000	0.042
Remove Museums service re-design (CMM028)	0.000	0.000	0.000	0.326	0.000	0.326

	Adults	Children's	EDT	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Reprofile Libraries self-service - introduce Open Plus technology (CMM022)	0.000	0.000	0.000	-0.622	0.000	-0.622
Total 2018-19 savings as per Appendix C	-21.012	-1.244	-12.691	-2.759	-4.800	-42.506
2019-20						
Reprofile of property savings (P&R027)	0.000	0.000	0.000	0.000	-1.000	-1.000
Total 2019-20 savings as per Appendix C	0.000	0.000	0.000	0.000	-1.000	-1.000
Total Savings 2016-17 to 2019-20						-115.182

2.23 During January, Service committees have received further reports and had the opportunity to review all pressures and savings proposals, alongside consideration of the outcomes of the public consultation. As set out in this report, the funding shortfall has changed following challenge and review during the autumn and following the Government's funding announcements in December 2015.

3. Council Tax / Precept Implications

- 3.1. In determining the level of the Council Tax / Precept, consideration needs to be given to whether there are any restrictions or requirements imposed by the Government. The Localism Act includes the requirement that any Council Tax increase in excess of a limit determined by the Secretary of State for Communities and Local Government and approved by the House of Commons, will be decided by local voters, who, through a local referendum, will be able to approve or veto the proposed increase. **The threshold for 2016-17 has been provisionally announced as 2%.** This level is usually finalised within the publication of the Final Local Government Finance Settlement.
- 3.2. The Government will examine Council Tax / Precept increases and budget increases when final decisions have been made throughout the country. County Councils are required by Government Regulation to declare their level of Council Tax / Precept by the end of February.
- 3.3. The Council is required to state its Council Tax / Precept as an amount for an average Band D property, together with information on the other valuation bands i.e. Bands A to H. Band D properties had a value in April 1991 of over £68,000 and up to £88,000.

- 3.4. To calculate the level of the County Council's Council Tax / Precept, District Councils supply information on the number of properties in each of their areas. This information also includes estimated losses in Council Tax/Precept collection and any deficits or surpluses on District Council collection funds.
- 3.5. As set out previously, the Government has also introduced a new flexibility in 2016-17 for those authorities with Adult Social Care responsibilities to increase their Council Tax by **up to 2% more than the core referendum principle**, provided that the additional precept raised is allocated to Adult Social Care.
- 3.6. Under the Local Government Finance Act 1992, the Section 151 Officer will be required to provide information demonstrating that an amount equivalent to the additional Council Tax raised through this flexibility has been allocated to Adult Social Care. This must be done within seven days of the Council setting its budget and Council Tax for 2016-17.
- 3.7. Following this change, it is anticipated that the **referendum principle for County Councils will therefore be set at 4% in 2016-17**, consisting of a 2% core referendum principle, plus 2% additional flexibility for Adult Social Care.
- 3.8. As discussed in 2.13 above, the Government has changed its methodology for distributing reductions in central government funding to local authorities. The new method of apportionment assumes that councils will increase Council Tax in line with CPI inflation, make full use of the new flexibility for a social care precept where available, and will benefit from ongoing levels of Council Tax base growth. Failure to raise Council Tax in line with the Government's assumptions will result in progressively greater levels of underfunding through the Spending Review period and would lead to the Council experiencing a greater reduction in spending power than the Government forecasts.
- 3.9. In light of the Government's financial strategy and the Council's current planning assumptions, Policy and Resources Committee is asked to consider and confirm, or otherwise, the assumption that **the Council's 2016-17 budget will include a Council Tax increase of 3.99% made up of a 2% precept for Adult Social Care and a general Council Tax increase of 1.99%**. This will need to be considered at the County Council meeting on 22nd February 2016.
- 3.10. Set out in Appendix D is the calculation of total payments of £338.960m due to be collected from District Councils in 2016-17 based on a Council Tax increase of 3.99%, together with the instalment dates and the Council Tax level for each valuation band A to H.
- 3.11. The Council is also required to authorise the Executive Director of Finance to transfer from the County Fund to the Salaries and General Accounts, all sums necessary in respect of revenue and capital expenditure provided in the 2016-17 budget in order that he can make payments, raise and repay loans, and invest funds.

4. Consultation

- 4.1. The response to the budget consultation is set out in a separate report to Policy and Resources Committee elsewhere on this agenda.

Representatives of non-domestic ratepayers

- 4.2. The Council has a statutory duty under Section 65 of the Local Government Finance Act 1992 to consult with representatives of non-domestic ratepayers. A meeting with representatives of the business sector was held on 13th January 2016. Representatives were provided with a summary of the financial challenges facing the Council in 2016-20, and proposals for expenditure (including capital expenditure).

5. Draft Budget 2016-20

- 5.1. The overall net budget proposed for 2016-17 is £338.960m. This takes into account the Provisional Local Government Finance Settlement for 2016-17. Table 7 below summarises the overall proposed final budget for 2016-17. The table below also shows the cash limited budgets by service, and a detailed table of the proposed changes for each service is shown at Appendix C.
- 5.2. The net budget reflects the Council Tax Requirement only, that is, the amount to be funded by council taxpayers. All income from the Business Rates Retention Scheme is accounted for as council income. The net budget also includes current information received from the District Councils on their respective Council Tax Base, Collection Funds and expected Business Rates.
- 5.3. At the time of preparing reports to service committees in January 2016, estimates of business rates collection, and the impact of District's Council Tax decisions were not fully known and therefore were not fully reflected within service committee reports. At the time of drafting this report, the final Local Government Finance Settlement is not known and the proposed 2016-17 net budget may need to be altered to reflect any changes to the government grant amount for 2016-17 following the final Settlement publication, due to be announced in early February 2016. Likewise final changes to the District Councils' collection funds and the final Business Rates position will not be confirmed until the end of January and may alter the proposed 2016-17 net budget. The estimated surplus/deficit from District Councils' of Business Rates collection for 2016-17 is £0.839m. In relation to Council Tax, if the County Council agrees to increase Council Tax by 3.99%, this would generate £12.713m additional funding in 2016-17, of which £6.368m would relate to the social care precept. No Council Tax Freeze Grant is on offer in 2016-17. Further details are included within Appendix D. The structure of the budget is based on the current organisational framework.
- 5.4. The Settlement for 2016-17 includes the removal of Care Act funding which is being used in 2015-16 to offset overspends within Adult Social Care budgets.

For 2016-17 these amounts have been added into the base Adult Social Care budget to ensure a robust 2016-17 budget.

- 5.5. The 2016-17 budget also includes the establishment of a Business Risk reserve from the forecast underspend on the Council's 2015-16 Minimum Revenue Provision (MRP) budget. This reserve will be used during 2016-17 to manage key risks in the adults' and children's social care budgets. A draw down from this reserve of £0.500m is also anticipated in 2016-17 to fund the reprofiling of the Adults Committee wellbeing saving (COM033). In 2017-18 further ongoing provision has been made in the revenue budget to address these risks which will have been funded from one-off sources in 2016-17.
- 5.6. Service and budget planning for 2017-18 will be based on an expected reduction in core government funding of £27.822m (Settlement Funding Assessment incorporating Business Rates and Revenue Support Grant).
- 5.7. The Policy and Resources Committee report setting out the policy and position of reserves and balances recommends that the minimum level of General Balances be maintained at £19.2m, reflecting budget risks and uncertainty around future government funding. The forecast position for General Balances at 31 March 2016 is £19.2m. There is currently a forecast overspend on the 2015-16 budget of £3.133m (as at 30 November 2015), although it is anticipated that a balanced outturn position will be achieved at year-end. The non-delivery of savings in 2015-16 has been addressed as part of the 2016-17 budget process including the reversal of a number of savings as set out in this report.
- 5.8. The Policy and Resources Committee is asked to recommend to County Council the 2016-17 budget proposals, as reported to Service Committees in January 2016, taking into account the comments of Service Committees as reflected in Table 5. The proposed overall budget is shown in Table 7 and detailed in Appendices B and C.
- 5.9. The unconfirmed draft minutes of the discussion of budget proposals by Service Committees are appended to this report at Appendix G.

Table 7: 2016-17 Revenue Budget

	2015-16 Base Budget	Budget increase incl. cost and funding decreases	Budget decrease incl. savings and funding increases	2016-17 Recommended Budget
	£m	£m	£m	£m
Children's Services	174.531	4.171	-11.411	167.291
Adult Social Care	242.198	15.428	-10.773	246.852
Environment, Development and Transport	122.778	40.196	-12.153	150.820
Community Services	47.744	13.051	-13.111	47.683
Policy and Resources	-268.823	52.105	-56.969	-273.687
TOTAL	318.428	124.950	-104.418	338.960

Note:

- The total budget decreases of £104.418m include £41.987m savings, £10.948m funding increases (see Table 8) and £51.483m of cost neutral changes (see Appendix B).
- Of the budget savings, £3.678m relate to one-off savings in 2016-17, which will result in a pressure in 2017-18. These are detailed in Table 9 below.

Table 8: Funding increases included in budget decreases

	£m
Increased Public Health funding for 0-5 year olds offset by reductions in existing Public Health grant	9.965
Rural Services grant	0.983
Total increase in funding	10.948

Table 9: One-off savings

		2016-17	2017-18	2018-19
Committee	Saving	£m	£m	£m
P&R	Insurance Fund saving	2.000		
P&R	Use of Business Risk Reserve to fund reprofiling of Adults wellbeing saving (COM033)	0.500		
P&R	Use of Organisational Change Reserve	0.700		
P&R	Use of Organisational Change Reserve to fund replacement Social Care system in 2016-17	0.478		
	Total	3.678	0.000	0.000

5.10. Savings are being delivered through a range of approaches. The table below categorises the savings by type. Delivery of efficiency related savings continue to be targeted as a priority.

Table 10: Categorisation of Saving

	2016-17	2017-18	2018-19	2019-20	Total
	£m	£m	£m	£m	£m
Organisational Change – Staffing	-1.859	-3.863	-5.955	0.000	-11.677
Organisational Change – Systems	-13.720	-18.331	-24.832	0.000	-56.883
Procurement	-0.227	0.000	0.000	0.000	-0.227
Shared Services	0.303	0.000	0.000	0.000	0.303
Capital	-2.855	-0.135	-6.357	0.000	-9.347
Terms & Conditions of employees	-0.205	0.000	0.000	0.000	-0.205
Income and Rates of Return	-16.812	-7.846	-3.431	-1.000	-29.089
Assumptions under Risk Review	1.228	3.628	-0.100	0.000	4.756
Back office sub total	-34.147	-26.547	-40.675	-1.000	-102.369
Reducing Standards	-5.210	-2.642	-1.831	0.000	-9.683
Cease Service	-2.630	-0.500	0.000	0.000	-3.130
Front line sub total	-7.840	-3.142	-1.831	0.000	-12.813
Total	-41.987	-29.689	-42.506	-1.000	-115.182

Note:

- These figures exclude funding increases (base adjustments), such as from the Better Care Fund and Care Act, and cost neutral changes.
- Summary provided within Appendix B and details provided within Appendix C.

Schools Funding

5.11. Schools funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. The DSG for 2016-17 was announced in December 2015. This sees the DSG being split into three main funding blocks: The Schools block, the High Needs block and the Early Years block, which includes funding to meet the statutory requirement for early learning for some two year olds. The statutory requirement covers around 40% of two year olds.

5.12. The Government has announced DSG for 2016-17 totalling £560.262m. This compares to a total revised DSG allocation of £552.547m in 2015-16. The DSG is before academy recoupment.

5.13. The table below shows the movement in DSG between 2015-16 and 2016-17.

Table 11: Breakdown of Schools Funding

Funding element	Revised 2015-16	2016-17	Change	Explanation for change
	£m	£m	£m	
Early Years	26.783	26.687	-0.096	Reduction in pupil numbers
Early Years Pupil Premium	0.638	0.638	0.000	No change
2 year old funding	6.000	6.000	0.000	No change
Schools Block	451.200	457.670	6.470	Increase in pupil numbers
High Needs Block (after deductions for direct funding of high needs places)	67.776	69.120	1.344	Growth funding for 2016-17
Newly Qualified Teachers	0.150	0.147	-0.003	Grant reduced
Total	552.547	560.262	7.715	

Pupil Premium

- 5.14. In 2016-17, primary Free School Meals (FSM) 'Ever 6' pupils will attract £1,320, which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £935 will be allocated for secondary FSM 'Ever 6' pupils. FSM 'Ever 6' allocations in 2015-16 were £1,320 and £935 respectively. FSM 'Ever 6' pupils are those who have been registered for free school meals at any point in the last six years.
- 5.15. The pupil premium plus (for looked after children) will remain at £1,900 per pupil in 2016-17. The eligibility was expanded in 2014-15 to include those who have been looked after for one day or more, and from 2015-16 was widened further to include children who have been adopted from care or have left care under a special guardianship, residence or child arrangement order. Schools will receive £1,900 for each eligible pupil adopted from care who has been registered on the school census and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.
- 5.16. Children with parents in the armed forces will continue to be supported through the service child premium. In 2016-17, the service child premium will be set at £300 per pupil, unchanged from 2015-16.

6. Budget Implications for 2017-18, 2018-19 and 2019-20

- 6.1 The Local Government Act 2003 requires the Council to take into consideration the implications for revenue spending in future years arising from decisions taken in respect of the 2016-17 budget. A three-year revenue projection is specifically required and this has been considered as part of our forward service and financial planning. Accordingly, Service Committees have considered their budgets for the next three years, within the Council's normal budget planning framework. However in light of the indicative figures for 2019-20 which have been provided as part of the Government's announcement of a provisional four-year funding allocation in the Provisional Settlement in December 2015, this report now includes details of an indicative fourth year, 2019-20, which is also reflected in the Council's Medium Term Financial Strategy.
- 6.2 Reports to Service Committees in January 2016 included projected additional costs and savings proposals for 2016-17 to 2018-19 in accordance with the planning assumptions agreed. This is to ensure that decisions taken in respect of the 2016-20 budget are sustainable and deliverable in the medium term from both a service and financial perspective and that they are considered to be affordable to the taxpayer. In addition, many of the savings needed for future years require actions to be taken in previous financial years and therefore County Council approval is sought on future year's savings to enable Chief Officers to put in place the necessary programmes of work required to deliver these.
- 6.3 The report to Policy and Resources Committee 26th October 2015 projected a potential £3.386m shortfall in 2017-18 and an £11.088m surplus in 2018-19, based on the agreement and delivery of all the savings proposals taken forward for consultation. The forecast for the period 2017-18 to 2019-20 has now been developed and revised following Government funding announcements, and a further review and challenge of cost pressures has taken place. Together with identified savings and taking into consideration the proposed 2016-17 Revenue Budget, it is now estimated that the County Council has a remaining budget surplus of £0.467m for the years 2017-18 to 2019-20, however this includes budget deficits in 2017-18 and 2019-20.
- 6.4 The projected additional costs, including inflation, and forecast reduction in Government grant funding for the following three years, 2017-18 to 2019-20, are set out in the table below.

Table 12: Provisional medium term financial forecast

	2017-18	2018-19	2019-20
Additional cost pressures and forecast reduction in Government grant funding	55.140	47.203	42.828
Forecast increase in Council Tax base	-10.300	-15.265	-16.266
Identified saving proposals and funding increases	-32.340	-57.186	-14.281
Budget shortfall / (surplus)	12.500	-25.248	12.281

- 6.5 It is the view of the Section 151 officer, that whilst the Council can balance the 2016-17 budget, the shortfall for 2017-18 remains a risk.

- 6.6 Reports setting out the changing planning context for both service delivery and the Council's finances will be presented to future committee meetings, along with additional savings plans and will form part of the detailed planning approach for reviewing and recommending final budgets for 2017-18 to 2019-20, and the level of Council Tax.
- 6.7 As part of ongoing financial planning, services will keep under review all aspects of future cost pressures and inflation. The Executive Director of Finance also keeps under ongoing review all aspects of financial planning, and the financial standing of the Council, including levels of reserves and provisions, and reports regularly to Policy and Resources Committee on financial management performance. A proposed budget and service planning timetable for 2017-18 is set out in Appendix E.

7. Council Tax Discount on Second Homes

- 7.1. The Local Government Act 2003 required that additional monies from reducing the Council Tax discount on second homes should be shared by the District Councils with the precepting Councils i.e. the County Council and the Office of the Police & Crime Commissioner for Norfolk.
- 7.2. In 2015-16, it was agreed with Norfolk Leaders to distribute 25% of the Norfolk County Council 80% share of the second homes Council Tax to Norfolk District Councils. This revised arrangement delivered an ongoing £1.2m saving for the County Council in 2015-16. It was also agreed:
- to continue with this arrangement for 2016-17 and 2017-18, therefore removing the proposed saving of £1.2m within the 2016-17 budget, as originally reported in the 2014-17 budget round; and
 - that this arrangement would be jointly reviewed with District Councils for future years in early 2017-18, and that Norfolk County Council would consult early (prior to publication) on budget proposals for future years in order to identify any potential adverse impact on District Councils' budgets.
- 7.3. The Borough Council of King's Lynn and West Norfolk, has agreed to the removal of the 5% Council Tax discount for second homes in 2016-17. In addition, Broadland District Council have confirmed the removal of Council Tax discounts for second homes and empty properties, delivering an increase in Council Tax in 2016-17. Work with the remaining Districts is underway to review the position of all Council Tax discounts across the county, with a view to achieving further increases in Council Tax income in future years.

8. Integrated Risk Management Plan (IRMP)

- 8.1. The Fire and Rescue Services Act 2004 and the National Framework 2012 require Norfolk County Council (NCC), as the Norfolk Fire and Rescue Authority, to prepare and publish an Integrated Risk Management Plan (IRMP). The IRMP is a complete review of fire and rescue provision in Norfolk. In it, the

most significant risks to people and buildings in the county are analysed and the plan sets out how we intend to respond to those risks, within the budget and the resources provided. The IRMP must be approved by Full Council.

- 8.2. At its meeting on the 27th January the Communities Committee considered the feedback from the public consultation and agreed to recommend to Policy and Resources Committee the withdrawal of all savings related to *CMM030 – Fire Service – Re-design of Operational Activities* and to reduce the level of savings for *CMM023 – Fire Service Operational Support Reductions* (to be reduced to £0.300m in 2016-17). These changes are reflected in Tables 4, 5 and 6 of this report.
- 8.3. As per the agreed recommendations of the Communities Committee, these changes are reflected in the draft IRMP shown in Appendix H.

9. Equality Impact Assessment

- 9.1. In making recommendations to Full Council about the budget, Policy and Resources Committee must give due regard to eliminating unlawful discrimination, promoting equality of opportunity and fostering good relations between people with protected characteristics and the rest of the population. The assessment of equality impact of the budget proposals is included in a separate report to this Committee.

10. Summary

- 10.1. The information included in both this report and other reports to Policy and Resources Committee needs to be considered when Policy and Resources Committee recommend a budget to County Council. Issues that need to be considered and where decisions are required are:

- Additional Costs and Savings Options
- Level of General Balances
- Level of Reserves and Provisions
- Robustness of Estimates
- Overall level of the 2016-17 Revenue Budget and proposals for 2017-18 to 2019-20
- Overall level of the 2016-17 to 2019-20 Capital Programme
- Prudential Code Indicators for 2016-17
- Minimum Revenue Provision Statement
- Discount on Second Homes
- Level of the Council Tax / Precept for 2016-17 and for the period 2016-17 to 2019-20
- Implications of the Revenue Budget for 2017-18 to 2019-20
- Responses to savings proposals from the Budget Consultation
- Outcome of equality impact assessment

11. Issues, risks and innovation

- 10.1 **Legal implications** – Statutory requirements relating to individual proposals have been reported to Service Committees in January 2016. Legal requirements in relation to setting the budget and level of Council Tax have been set out within this report and are considered to be met.
- 10.2 **Risks** – The risks associated with the budget proposals were reported to Service Committees in January 2016 and to this Committee in the separate report on the Robustness of Estimates. Reports on the Robustness of Estimates and the Statement on the Adequacy of Provisions and Reserves also set out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of General Balances.

Background Papers

Re-imagining Norfolk – a medium term strategy and financial plan – *report to Policy and Resources Committee 1st June 2015*

Re-imagining Norfolk – Service and Financial Planning 2016-19 – *reports to Service Committees in June and July 2015*

Developing Re-imagining Norfolk – *reports to Service Committees in September 2015*

Strategic and Financial Planning 2016-17 to 2018-19 – *report to Policy and Resources Committee 28th September 2015*

Re-imagining Norfolk: Service and Financial Planning 2016-17 to 2018-19 – *reports to Service Committees in October 2015*

Strategic and Financial Planning 2016-17 to 2018-19 – *report to Policy and Resources Committee 26th October 2015*

Strategic and Financial Planning 2016-17 to 2018-19 – *reports to Service Committees in January 2016*

Officer Contact

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

Officer Name:	Tel No:	Email address:
Simon George	01603 222400	simon.george@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk



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

List of key grants and funding

Grant	2016-17
	Provisional Settlement
	£m
Un-ring-fenced	
Revenue Support Grant	108.511
Top-Up Grant (Business Rates Retention Scheme)	115.685
Section 31 Grant (compensation for Government business rate initiatives)	3.243
New Homes Bonus	4.958
New Homes Bonus adjustment	0.342
Education Services Grant	6.855
Fire Revenue	1.004
Inshore Fisheries	0.152
Local reform and community voices	0.563
Extended rights to free travel (Local Services Support Grant)	0.722
PFI Revenue Grant (street lights; salt barns and schools)	8.046
Social Care in Prisons	0.371
New: Rural Services Delivery Grant	0.983
Ring-fenced	
Public Health	40.555
Dedicated Schools Grant	560.262
Pupil Premium Grant	29.752
Locally collected tax (forecasts)	
Council tax (assuming increases for Adult Social Care precept 2% and 1.99% in 2016-17, CPI 2017-18 2018-19 2019-20)	338.960
Business Rates	24.817
Pooled funding	
NHS Funding (incl. Better Care Fund)	56.381

Shaded figures remain to be confirmed.

*DSG is before Academy recoupment.

Summary of proposed Revenue Budget for 2016-17

	Adult Social Care	Children's Services	Environment, Transport and Development	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Base Budget 2015-16	242.198	174.531	122.778	47.744	-268.823	318.428
Growth						
Economic	3.208	2.305	1.337	0.527	0.509	7.886
Legislative Requirements	0.679	2.025	0.512	10.630	2.272	16.118
Demand / Demographic	5.734	-0.160	0.750	0.000	0.000	6.324
NCC Policy	0.100	0.000	1.956	-0.030	0.474	2.500
Funding Reductions	5.629	0.000	0.207	0.000	34.803	40.639
	15.350	4.170	4.762	11.127	38.058	73.467
Cost Neutral Increases	0.078	0.001	35.434	1.924	14.047	51.483
Total budget increase	15.428	4.171	40.196	13.051	52.105	124.950
Savings						
1a - Organisation Change - Staffing	0.000	0.000	-0.450	-0.161	-1.248	-1.859
1b - Organisation Change - Systems	-4.301	-3.025	-3.705	-0.515	-2.174	-13.720
1c - Capital	0.000	-0.500	0.500	-0.227	0.000	-0.227
1d - Terms and Conditions	-0.090	0.000	-0.031	0.000	0.424	0.303
2a - Procurement	-0.750	-0.235	-2.700	0.000	0.830	-2.855
2b - Shared Services	0.000	0.000	-0.005	-0.200	0.000	-0.205
3a - Income and Rates of Return	0.000	-0.150	-0.345	-0.105	-16.212	-16.812
4a - Reducing Standards	-2.550	-2.226	-0.084	-0.267	-0.083	-5.210
4b - Ceasing Service	-2.500	0.000	-0.130	0.000	0.000	-2.630
4c - Assumptions under Risk Review	3.156	-0.250	0.000	0.000	-1.678	1.228
Funding Increases	0.000	0.000	0.000	-9.965	-0.983	-10.948
	-7.035	-6.386	-6.950	-11.440	-21.124	-52.935
Cost Neutral Reductions	-3.738	-5.025	-5.203	-1.672	-35.845	-51.483
Total budget decrease	-10.773	-11.411	-12.153	-13.111	-56.969	-104.418
Base Budget 2016-17	246.852	167.291	150.820	47.683	-273.687	338.960

Funded by -	
Council Tax	331.105
Council Tax Collection Fund Surplus	7.855
	<u>338.960</u>
2016-17 Budget Surplus	0.000

Summary of proposed indicative Revenue Budget for 2017-18

	Adult Social Care	Children's Services	Environment, Transport and Development	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Base Budget 2016-17	246.852	167.291	150.820	47.683	-273.687	338.960
<u>Growth</u>						
Economic	4.882	2.621	1.416	0.569	0.543	10.031
Legislative Requirements	0.000	0.634	0.000	-1.028	10.383	9.989
Demand / Demographic	6.134	0.000	0.000	0.000	0.000	6.134
NCC Policy	0.000	0.000	-1.750	0.000	1.886	0.136
Funding Reductions	0.000	0.000	0.000	1.028	27.822	28.850
Total budget increase	11.016	3.255	-0.334	0.569	40.634	55.140
<u>Savings</u>						
1a - Organisation Change - Staffing	0.000	0.000	-2.638	-0.100	-1.125	-3.863
1b - Organisation Change - Systems	-16.595	-1.208	-0.383	0.655	-0.800	-18.331
1c - Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d - Terms and Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a - Procurement	0.000	0.000	0.000	0.000	-0.135	-0.135
2b - Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a - Income and Rates of Return	0.000	0.000	-0.050	0.100	-7.896	-7.846
4a - Reducing Standards	-0.800	-1.616	0.000	-0.226	0.000	-2.642
4b - Ceasing Service	-0.500	0.000	0.000	0.000	0.000	-0.500
4c - Assumptions under Risk Review	0.000	-0.050	0.000	0.000	3.678	3.628
Funding Increases	-1.885	0.000	0.000	0.000	-0.766	-2.651
Total budget decrease	-19.780	-2.874	-3.071	0.429	-7.044	-32.340
Base Budget 2017-18	238.088	167.672	147.415	48.681	-240.097	361.760

Funded by -	
Council Tax	345.405
Council Tax Collection Fund Surplus	3.855
	<hr/> 349.260
2016-17 Budget Surplus	0.000
2017-18 Budget Gap	12.500
2016-18 Budget Gap	<hr/> 12.500

Summary of proposed indicative Revenue Budget for 2018-19

	Adult Social Care	Children's Services	Environment, Transport and Development	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Base Budget 2017-18	238.088	167.672	147.415	48.681	-240.097	361.760
<u>Growth</u>						
Economic	5.261	2.846	1.405	0.522	0.482	10.516
Legislative Requirements	13.943	0.000	0.000	-1.043	-1.000	11.900
Demand / Demographic	6.134	0.000	0.000	0.000	0.000	6.134
NCC Policy	0.000	0.000	0.000	0.000	-0.035	-0.035
Funding Reductions	0.000	0.000	0.000	1.043	17.645	18.688
Total budget increase	25.338	2.846	1.405	0.522	17.092	47.203
<u>Savings</u>						
1a - Organisation Change - Staffing	0.000	0.000	-5.355	-0.100	-0.500	-5.955
1b - Organisation Change - Systems	-21.012	-0.535	-2.285	0.000	-1.000	-24.832
1c - Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d - Terms and Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a - Procurement	0.000	0.000	-5.000	-1.357	0.000	-6.357
2b - Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a - Income and Rates of Return	0.000	0.000	-0.051	-0.080	-3.300	-3.431
4a - Reducing Standards	0.000	-0.609	0.000	-1.222	0.000	-1.831
4b - Ceasing Service	0.000	0.000	0.000	0.000	0.000	0.000
4c - Assumptions under Risk Review	0.000	-0.100	0.000	0.000	0.000	-0.100
Funding Increases	-13.943	0.000	0.000	0.000	-0.737	-14.680
Total budget decrease	-34.955	-1.244	-12.691	-2.759	-5.537	-57.186
Base Budget 2018-19	228.471	169.274	136.129	46.444	-228.542	351.777

Funded by -	
Council Tax	360.670
Council Tax Collection Fund Surplus	3.855
	<u>364.525</u>
2016-17 Budget Surplus	0.000
2017-18 Budget Gap	12.500
2018-19 Budget Surplus	-25.248
2016-19 Budget Gap	<u>-12.748</u>

Summary of proposed indicative Revenue Budget for 2019-20

	Adult Social Care	Children's Services	Environment, Transport and Development	Communities	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m
Base Budget 2018-19	228.471	169.274	136.129	46.444	-228.542	351.777
<u>Growth</u>						
Economic	5.261	2.846	1.405	0.522	0.482	10.516
Legislative Requirements	12.544	0.000	0.000	0.000	0.000	12.544
Demand / Demographic	6.000	0.000	0.000	0.000	0.000	6.000
NCC Policy	0.000	0.000	0.000	0.000	-0.879	-0.879
Funding Reductions	0.000	0.000	0.000	0.000	14.647	14.647
Total budget increase	23.805	2.846	1.405	0.522	14.250	42.828
<u>Savings</u>						
1a - Organisation Change - Staffing	0.000	0.000	0.000	0.000	0.000	0.000
1b - Organisation Change - Systems	0.000	0.000	0.000	0.000	0.000	0.000
1c - Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d - Terms and Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a - Procurement	0.000	0.000	0.000	0.000	0.000	0.000
2b - Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a - Income and Rates of Return	0.000	0.000	0.000	0.000	-1.000	-1.000
4a - Reducing Standards	0.000	0.000	0.000	0.000	0.000	0.000
4b - Ceasing Service	0.000	0.000	0.000	0.000	0.000	0.000
4c - Assumptions under Risk Review	0.000	0.000	0.000	0.000	0.000	0.000
Funding Increases	-12.544	0.000	0.000	0.000	-0.737	-13.281
Total budget decrease	-12.544	0.000	0.000	0.000	-1.737	-14.281
Base Budget 2019-20	239.732	172.120	137.534	46.966	-216.029	380.324

Funded by -	
Council Tax	376.936
Council Tax Collection Fund Surplus	3.855
	<u>380.791</u>
2016-17 Budget Surplus	0.000
2017-18 Budget Gap	12.500
2018-19 Budget Surplus	-25.248
2019-20 Budget Gap	<u>12.281</u>
2016-20 Budget Gap	<u>-0.467</u>

Budget Changes Forecast for 2016-20					
Adults Committee					
Savings Reference		2016-17	2017-18	2018-19	2019-20
		£m	£m	£m	£m
1	Cash Limited Base Budget	242.198	246.852	238.088	228.471
2	GROWTH				
	Economic	3.208	4.882	5.261	5.261
	Demand / Demographic	5.734	6.134	6.134	6.000
	Legislative	0.679	0.000	13.943	12.544
	NCC Policy	0.100	0.000	0.000	0.000
	Total Growth	9.721	11.016	25.338	23.805
3	SAVINGS				
1a	Digital Transformation, Better Ways Of Working: Organisation	0.000	0.000	0.000	0.000
1b	Digital Transformation, Better Ways Of Working: Lean	-4.301	-16.595	-21.012	0.000
1c	Capital	0.000	0.000	0.000	0.000
1d	Digital Transformation, Better Ways Of Working: Terms and Conditions	-0.090	0.000	0.000	0.000
2a	Procurement, Commissioning. Procurement	-0.750	0.000	0.000	0.000
2b	Procurement, Commissioning. Shared Services	0.000	0.000	0.000	0.000
3a	Income generation, Trading. Sweat the assets	0.000	0.000	0.000	0.000
4a	Demand Management. Change Standards	-2.550	-0.800	0.000	0.000
4b	Demand Management. Stop Doing Things	-2.500	-0.500	0.000	0.000
4c	Demand Management. Change Assumptions	3.156	0.000	0.000	0.000
	Total Savings	-7.035	-17.895	-21.012	0.000
4	Base Adjustments	5.629	-1.885	-13.943	-12.544
5	Cost Neutral Adjustments	-3.661	0.000	0.000	0.000
6	Cash Limited Base Budget	246.852	238.088	228.471	239.732
7	Definitions				
1a	Savings achieved through the restructuring of staff. E.g. a management restructure.				
1b	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.				

1c	Savings achieved through better use of the assets we have at our disposal. E.g. use more cost effective fire vehicles.
1d	Savings achieved through review of staff terms & conditions.
2a	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Savings achieved through sharing services with other organisations
3a	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Savings which result in a reduced service for customers.
4b	Savings from the ceasing of a service.
4c	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Budget change forecasts for 2016-20 Adult Social Care						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		OPENING BUDGET	241.470	246.852	238.088	228.471
		Changes agreed at 2015-16 County Council	0.727			
		REVISED OPENING BUDGET	242.198			
		ADDITIONAL COSTS				
		Inflationary				
		Basic Inflation - Pay (1% for 2016-19)	0.339	0.345	0.354	0.354
		Basic Inflation - Prices	2.869	4.537	4.907	4.907
		Demand / Demographic				
		Demographic growth	6.134	6.134	6.134	6.000
		Purchase of Care reverse cost for leap year	-0.400			
		Legislative Requirements				
		Single tier pension pressure	0.677			
		National Living Wage - NCC staff	0.002			
		Additional responsibilities from increased Better Care Fund allocation			13.943	12.544
		NCC Policy				
		War Veterans charging	0.100			
			9.721	11.016	25.338	23.805
		REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS				
		1b - Organisational Change - Systems				
	COM018	Review Care Arranging Service	0.140			
	COM026	Change the type of social care support that people receive to help them live at home	0.200			
15163c	ASC002	Redesign Adult Social Care pathway. Work with Procurement on areas of the pathway to drive out further efficiencies	0.395			
		4c - Assumptions under Risk Review				
1516NA	ASC005	One Off: Use of Earmarked Reserves in 2015/16	3.156			
			3.891	0.000	0.000	0.000
		SAVINGS				
		1b - Organisational Change - Systems				
16171b	ASC006	Promoting Independence - Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting	-1.258	-11.983	-13.628	

Budget change forecasts for 2016-20 Adult Social Care						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171b	ASC007	Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults	-3.158	-1.500	-0.500	
16171b	ASC008	Promoting Independence - Housing with Care - develop non-residential community based care solutions		-0.500	-0.500	
16171b	ASC009	Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced	-0.500	-0.250	-0.250	
16171b	ASC010	Reduce Training & Development spend following implementation of Promoting Independence		-0.200		
16171b	ASC011	Move service mix to average of comparator family group or target - all specialisms	-0.120	-0.962	-1.444	
16171b	ASC013	Radical review of daycare services		-1.000	-2.500	
16171b	ASC015	Move service mix to lowest of comparator family group - all specialisms		-0.200	-2.190	
		1d - Terms and Conditions				
141504	GET016	Reducing the cost of business travel	-0.090			
		2a Procurement				
141506	COM042	Review of Norse Care agreement for the provision of residential care	-0.750			
		4a Reducing Standards				
141533	COM034	Changing how we provide care for people with learning disabilities or physical disabilities	-1.500			
141536	COM040	Reduce the number of adult service users we provide transport for	-0.150			
15165a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	-0.900	-0.800		
		4b Ceasing Service				
141531	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-2.500	-0.500		
			-10.926	-17.895	-21.012	0.000
		BASE ADJUSTMENTS				
		Better Care Fund		-1.885	-13.943	-12.544
		Care Act	5.629			

Budget change forecasts for 2016-20 Adult Social Care						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
			5.629	-1.885	-13.943	-12.544
		COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax				
		Business Travel savings from Adults to Communities	0.057			
		Adults Debt Management increase from Finance General	0.000			
		Budget for NALC service to move back to CES Business Support	-0.026			
		Part funding for Business Development Manager transferred to Cultural Services	-0.029			
		Transfer of Community Safety balance to Fire Service from Adults	-0.001			
		Transfer of REFCUS charges for Community Safety from Adults	-0.092			
		Stationery budgets to Customer Services from Adults	-0.002			
		Adults depreciation charges decrease to Finance General	-0.015			
		Blue Badge Team to Customer Services	-0.252			
		DAAT transfer from Adults to Public Health	-0.221			
		Property transfer from Adults to Corporate Property Team	-0.739			
		Centralisation of Office Accommodation depreciation costs to Corporate Property Team	-0.044			
		Inflation clawback to achieve £0.500m 2015-16 Finance General efficiency saving	-0.019			
		Transfer of post from Adults to Corporate Property Team	-0.046			
		Building Maintenance Fund transferred to Corporate Property Team	-0.337			
		Transfer of post from ICT to Adults	0.021			
		REFCUS	-1.915			
			-3.661	0.000	0.000	0.000
		NET BUDGET	246.852	238.088	228.471	239.732

Budget Changes Forecast for 2016-20 Children's Committee					
Savings Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
1	Cash Limited Base Budget	174.531	167.291	167.672	169.274
2	GROWTH				
	Economic	2.305	2.621	2.846	2.846
	Demand / Demographic	-0.160	0.000	0.000	0.000
	Legislative	2.025	0.634	0.000	0.000
	NCC Policy	0.000	0.000	0.000	0.000
	Total Growth	4.170	3.255	2.846	2.846
3	SAVINGS				
1a	Digital Transformation, Better Ways Of Working: Organisation	0.000	0.000	0.000	0.000
1b	Digital Transformation, Better Ways Of Working: Lean	-3.025	-1.208	-0.535	0.000
1c	Capital	-0.500	0.000	0.000	0.000
1d	Digital Transformation, Better Ways Of Working: Terms and Conditions	0.000	0.000	0.000	0.000
2a	Procurement, Commissioning. Procurement	-0.235	0.000	0.000	0.000
2b	Procurement, Commissioning. Shared Services	0.000	0.000	0.000	0.000
3a	Income generation, Trading. Sweat the assets	-0.150	0.000	0.000	0.000
4a	Demand Management. Change Standards	-2.226	-1.616	-0.609	0.000
4b	Demand Management. Stop Doing Things	0.000	0.000	0.000	0.000
4c	Demand Management. Change Assumptions	-0.250	-0.050	-0.100	0.000
	Total Savings	-6.386	-2.874	-1.244	0.000
4	Base Adjustments	0.000	0.000	0.000	0.000
5	Cost Neutral Adjustments	-5.024	0.000	0.000	0.000
6	Cash Limited Base Budget	167.291	167.672	169.274	172.120
7	Definitions				
1a	Savings achieved through the restructuring of staff. E.g. a management restructure.				
1b	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.				

APPENDIX C

1c	Savings achieved through better use of the assets we have at our disposal. E.g. use more cost effective fire vehicles.
1d	Savings achieved through review of staff terms & conditions.
2a	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Savings achieved through sharing services with other organisations
3a	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Savings which result in a reduced service for customers.
4b	Savings from the ceasing of a service.
4c	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Budget change forecasts for 2016-20 Children's Services						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		OPENING BUDGET	174.531	167.291	167.672	169.274
		ADDITIONAL COSTS				
		Inflationary				
		Basic Inflation - Pay (1% for 2016-19)	0.623	0.650	0.670	0.670
		Basic Inflation	1.682	1.971	2.176	2.176
		Demand / Demographic				
		Leap year extra day LAC cost reversal	-0.160			
		Legislative Requirements				
		Education Services grant	1.118	0.634		
		Single tier pension pressure	0.884			
		National Living Wage - NCC staff	0.023			
			4.170	3.255	2.846	2.846
		SAVINGS				
		1b - Organisational Change - Systems				
141521, 1516NA, 15163e	CHI001- 004	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	-3.000			
16171b	CHL009	End Children's Services funding for Homestart - this is a charity who supports families with young children who are struggling to cope		-0.158		
16171b	CHL015	Update our budget because of reforms that give schools control over some funding for getting children involved in sport - we contribute to the University of East Anglia as part of a scheme to get children involved in sport and allow schools access to the athletics track. There have been some reforms which mean that all funding for such activities will be delegated to schools to choose how to spend	-0.025			
16171b	CHL016	Reduce the cost of transport for children who are educated in alternative provision – by providing local services to ensure children are educated in their local school we will reduce the need to transport children to other educational provision		-0.250		

Budget change forecasts for 2016-20 Children's Services						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171b	CHL017	Reduce the number of social workers we use who work for employment agencies - we are giving more support to families at an earlier stage so that the challenges they face are resolved quicker and before they turn into more serious problems. As a result the number of families we are working with that need support from a social worker is reducing. We therefore won't need to use as many agency social workers		-0.450	-0.535	
16171b	CHL019	Review of educational services		-0.350		
		1c - Capital				
	CHI012	Reduce the cost of transport for children with Special Educational Needs	-0.500			
		2a - Procurement				
16171c	CHL020	Update the budget for short breaks for children with disabilities to reflect how much we are now spending on the service - short break services give disabled children and young people an opportunity to meet new people and enjoy different experiences. They also give their families a break from their caring responsibilities. We have contracts in place with organisations to provide short breaks which offer the same level of service but for a lower price. We will change the budget to reflect how much the new service costs	-0.235			
		3a - Income and Rates of Return				
16171d	CHL014	Review the income targets for the support services we sell to schools and other educational establishments - some of the services we trade are generating more income than we anticipated and others less. We need to make sure that the budget accurately reflects the levels of income that we can generate from selling support services to education providers	-0.150			
		4a - Reducing Standards				
141528	CHI014	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending	-0.250			
141529	CHI015	Reduce funding for school crossing patrols	-0.150			

Budget change forecasts for 2016-20 Children's Services						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
161703	CHL010	Change how we provide parenting support - we have contracts with four organisations to provide parenting support programmes, they offer advice and one-to one support. We are proposing to end these contracts. Targeted family support activities will continue to be provided by Early Help staff and other commissioned providers		-0.427		
161705	CHL012	Change how we provide support to families who are struggling to cope with the challenges they face - we have contracts with two organisations to deliver Family Intervention Projects with families who are struggling to cope with the challenges they face. We are proposing to not renew these contracts when they end. Our 'Troubled Families' team will continue to provide support to these families		-0.580		
161706	CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-1.826	-0.609	-0.609	
		4c - Assumptions under Risk Review				
16171a	CHL013	Update our budget for retirement costs for teachers to reflect how much we are now spending on this - we are not responsible for paying redundancy and retirements costs for teachers that work for the growing number of academy schools	-0.250	-0.050	-0.100	
			-6.386	-2.874	-1.244	0.000
		COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax				
		Children's Services Debt Management increase from Finance General	0.001			
		Stationery budgets to Customer Services from Children's Services	-0.003			
		Stationery budgets to Customer Services from Children's Services	-0.001			
		Transfer of staff from Children's Services to Corporate Property Team	-0.076			
		Depreciation charges decrease to Finance General	-1.190			

Budget change forecasts for 2016-20 Children's Services						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		Children's to Economic Development re employment and skills	-0.286			
		Centralisation of Office Accommodation depreciation costs to Corporate Property Team	-0.094			
		Inflation clawback to achieve £0.500m 2015-16 Finance General efficiency saving	-0.079			
		Building Maintenance Fund transferred to Corporate Property Team	-0.309			
		REFCUS	-2.987			
			-5.024	0.000	0.000	0.000
		NET BUDGET	167.291	167.672	169.274	172.120

Budget Changes Forecast for 2016-20 Communities Committee					
Savings Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
1	Cash Limited Base Budget	47.744	47.683	48.681	46.444
2	GROWTH				
	Economic	0.527	0.569	0.522	0.522
	Demand / Demographic	0.000	0.000	0.000	0.000
	Legislative	10.630	-1.028	-1.043	0.000
	NCC Policy	-0.030	0.000	0.000	0.000
	Total Growth	11.127	-0.459	-0.521	0.522
3	SAVINGS				
1a	Digital Transformation, Better Ways Of Working: Organisation	-0.161	-0.100	-0.100	0.000
1b	Digital Transformation, Better Ways Of Working: Lean	-0.515	0.655	0.000	0.000
1c	Capital	-0.227	0.000	0.000	0.000
1d	Digital Transformation, Better Ways Of Working: Terms and Conditions	0.000	0.000	0.000	0.000
2a	Procurement, Commissioning. Procurement	0.000	0.000	-1.357	0.000
2b	Procurement, Commissioning. Shared Services	-0.200	0.000	0.000	0.000
3a	Income generation, Trading. Sweat the assets	-0.105	0.100	-0.080	0.000
4a	Demand Management. Change Standards	-0.267	-0.226	-1.222	0.000
4b	Demand Management. Stop Doing Things	0.000	0.000	0.000	0.000
4c	Demand Management. Change Assumptions	0.000	0.000	0.000	0.000
	Total Savings	-1.475	0.429	-2.759	0.000
4	Base Adjustments	-9.965	1.028	1.043	0.000
5	Cost Neutral Adjustments	0.252	0.000	0.000	0.000
6	Cash Limited Base Budget	47.683	48.681	46.444	46.966
7	Definitions				
1a	Savings achieved through the restructuring of staff. E.g. a management restructure.				
1b	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.				

APPENDIX C

1c	Savings achieved through better use of the assets we have at our disposal. E.g. use more cost effective fire vehicles.
1d	Savings achieved through review of staff terms & conditions.
2a	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Savings achieved through sharing services with other organisations
3a	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Savings which result in a reduced service for customers.
4b	Savings from the ceasing of a service.
4c	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Budget change forecasts for 2016-20 Communities						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		OPENING BUDGET	48.321	47.683	48.681	46.444
		Planning Services	-0.452			
		Public Protection Group Admin	-0.110			
		Hethel Business Support	-0.016			
		REVISED OPENING BUDGET	47.744			
		ADDITIONAL COSTS				
		Inflationary				
		Basic Inflation - Pay (1% for 2016-19)	0.482	0.489	0.491	0.491
		Basic Inflation - Prices	0.045	0.080	0.031	0.031
		County Council Plan				
		Norfolk Sports and Cultural Foundation	-0.030			
		Legislative Requirements				
		Reduced Public Health expenditure	-0.925	-1.028	-1.043	
		Single tier pension pressure	0.635			
		In-year 15-16 Public Health grant reduction	-2.324			
		Public Health 0-5 year olds expenditure	13.214			
		National Living Wage - NCC staff	0.030			
			11.127	-0.459	-0.521	0.522
		REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS				
		3a - Income and Rates of Return				
15162c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history		0.100		
			0.000	0.100	0.000	0.000
		SAVINGS				
		1a - Organisational Change - Staffing				
141508	RES079	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.042			
15162a, 2b, 2d	COM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.010			
16171a	CMM017	Customer Service teams - re-shape some customer service delivery teams	-0.059			
16171a	CMM018	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams		-0.100	-0.100	

Budget change forecasts for 2016-20 Communities						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171a	CMM025	Registration service staffing structure - review and re-shape some teams	-0.050			
		1b - Organisational Change - Systems				
1415NA		Reduced cost of ICT refresh	-0.100			
141515	RES082	Efficiency savings arising from utilising Public Health skills and resources to remove duplication	-0.350	0.805		
15163B	P&R011	Review mail operations	-0.065			
16171b	CMM013	Healthwatch - reduce the Healthwatch grant		-0.150		
		1c Capital				
141555	FR001	Purchase different, cost effective fire vehicles for some stations	-0.227			
		2a - Procurement				
16171c	CMM031	Transport costs - 15% saving on transport costs, including fire service fleet costs, through procurement, reducing use and better journey planning			-0.187	
16171c	CMM032	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services directorate			-1.170	
		2b Shared Services				
141520	ETD024	Changes to the delivery of road safety education and evaluation to make greater use of community resources	-0.200			
		3a - Income and Rates of Return				
141520	COM015	Norfolk Record Office - increased income generation	-0.010			
141548	ETD002	Charge for advice to business from our Trading Standards service	-0.020			
141520	RES039	Increase charges for registration services	-0.050			
15162a	P&R031	Portal for "Norfolk Weddings" registrars additional income	-0.025			
16171d	CMM036	Registration service income generation - develop business opportunities within the service to generate additional income			-0.080	
		4a - Reducing Standards				

Budget change forecasts for 2016-20 Communities						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
161712	CMM016	Norfolk and Norwich Millennium Library opening times - Reduce the opening times for Norfolk and Norwich Millennium Library but install Open Plus technology to enable the ground floor to be open longer via self service	0.078	-0.138		
161712	CMM022	Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines			-0.622	
161715	CMM024	Registration service accommodation costs - close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and find alternatives for provision in public buildings at no cost	-0.025			
161713	CMM026	Special service mobile library service - change the mobile library service for people in residential care, by encouraging care homes to pay for the service or using volunteers to provide books for individual people	-0.010	-0.044		
161713	CMM027	Public mobile libraries - reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of some visits and stop Saturday routes	-0.010	-0.044		
161707	CMM023	Fire service operational support reductions and redeployment of WDS staff - re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focussed activities	-0.300		-0.600	
			-1.475	0.329	-2.759	0.000
		BASE ADJUSTMENTS				
		Reduced Public Health grant	0.925	1.028	1.043	
		In-year Public Health grant reduction	2.324			
		Public Health 0-5 year olds Income	-13.214			
			-9.965	1.028	1.043	0.000
		COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax				

Budget change forecasts for 2016-20 Communities						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		Transfer of Community Safety balance to Fire Service from Adults	0.001			
		Transfer of REFCUS charges for Community Safety from Adults	0.092			
		Transfer of staff for Customer Services from P&R	0.026			
		Stationery budgets to Customer Services from Resources	0.001			
		Stationery budgets to Customer Services from Children's Services	0.003			
		Stationery budgets to Customer Services from Children's Services	0.001			
		Stationery budgets to Customer Services from Adults	0.002			
		Staff transfer to Customer Services from EDT	0.016			
		Staff transfer to Customer Services from P&R	0.027			
		Staff transfer to Customer Services from P&R	0.035			
		Transfer of depreciation charges from EDT to Communities	0.031			
		Income generation target from Fire to EDT	0.450			
		Transfer of element of CMM007 saving from Highways to Fire	-0.100			
		Communities depreciation charges increase from Finance General	0.208			
		Communities Debt Management increase from Finance General	0.001			
		Blue Badge Team to Customer Services	0.252			
		Part funding for Business Development Manager transferred to Cultural Services	0.029			
		DAAT transfer from Adults to Public Health	0.221			
		Business Travel savings from Adults to Communities	-0.057			
		Business Support from EDT	0.015			
		Business Support to EDT	-0.001			
		Fire leases	0.505			
		Centralisation of Office Accommodation depreciation costs to Corporate Property Team	-0.025			
		Inflation clawback to achieve £0.500m 2015-16 Finance General efficiency saving	-0.096			
		Building Maintenance Fund transferred to Corporate Property Team	-1.393			
		REFCUS	0.008			
			0.252	0.000	0.000	0.000

Budget change forecasts for 2016-20 Communities						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		NET BUDGET	47.683	48.681	46.444	46.966

Budget Changes Forecast for 2016-20 Environment, Development and Transport Committee					
Savings Reference		2016-17	2017-18	2018-19	2019-20
		£m	£m	£m	£m
1	Cash Limited Base Budget	122.778	150.820	147.415	136.129
2	GROWTH				
	Economic	1.337	1.416	1.405	1.405
	Demand / Demographic	0.750	0.000	0.000	0.000
	Legislative	0.512	0.000	0.000	0.000
	NCC Policy	1.956	-1.750	0.000	0.000
	Total Growth	4.555	-0.334	1.405	1.405
3	SAVINGS				
1a	Digital Transformation, Better Ways Of Working: Organisation	-0.450	-2.638	-5.355	0.000
1b	Digital Transformation, Better Ways Of Working: Lean	-3.705	-0.383	-2.285	0.000
1c	Capital	0.500	0.000	0.000	0.000
1d	Digital Transformation, Better Ways Of Working: Terms and Conditions	-0.031	0.000	0.000	0.000
2a	Procurement, Commissioning. Procurement	-2.700	0.000	-5.000	0.000
2b	Procurement, Commissioning. Shared Services	-0.005	0.000	0.000	0.000
3a	Income generation, Trading. Sweat the assets	-0.345	-0.050	-0.051	0.000
4a	Demand Management. Change Standards	-0.084	0.000	0.000	0.000
4b	Demand Management. Stop Doing Things	-0.130	0.000	0.000	0.000
4c	Demand Management. Change Assumptions	0.000	0.000	0.000	0.000
	Total Savings	-6.950	-3.071	-12.691	0.000
4	Base Adjustments	0.207	0.000	0.000	0.000
5	Cost Neutral Adjustments	30.230	0.000	0.000	0.000
6	Cash Limited Base Budget	150.820	147.415	136.129	137.534
7	Definitions				
1a	Savings achieved through the restructuring of staff. E.g. a management restructure.				
1b	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.				

APPENDIX C

1c	Savings achieved through better use of the assets we have at our disposal. E.g. use more cost effective fire vehicles.
1d	Savings achieved through review of staff terms & conditions.
2a	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Savings achieved through sharing services with other organisations
3a	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Savings which result in a reduced service for customers.
4b	Savings from the ceasing of a service.
4c	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Budget change forecasts for 2016-20 Environment, Development and Transport						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		OPENING BUDGET	107.039	150.820	147.415	136.129
		Better Broadband transferred from P&R	15.160			
		Planning Services	0.452			
		Public Protection Group Admin	0.110			
		Hethel Business Support	0.016			
		REVISED OPENING BUDGET	122.778			
		ADDITIONAL COSTS				
		Inflationary				
		Basic Inflation - Pay (1% for 2016-19)	0.244	0.260	0.241	0.241
		Basic Inflation - Prices	1.093	1.156	1.164	1.164
		Demand / Demographic				
		Waste	0.750			
		Legislative Requirements				
		Single tier pension pressure	0.382			
		National Living Wage - Waste and Recycling Centres	0.125			
		National Living Wage - NCC staff	0.005			
		County Council Plan				
		1A Reopen Docking Recycling Centre	0.070			
		1B Restore full time opening at Ashill, Heacham and Morningthorpe Recycling Centres	0.051			
		1C Restore Bank Holiday Opening at Recycling Centres	0.085			
		1D Establish Road Maintenance and Small Projects Fund (Potholes)	1.500	-1.500		
		1E Supporting young people into work and enterprise working with the Prince's Trust	0.200	-0.200		
		1F Investment in Hethel technology park to develop long term vision and job creation	0.050	-0.050		
			4.555	-0.334	1.405	1.405
		REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS				
		1c Capital				
15163f	EDT007	Use of earmarked reserves	0.500			
		3a Income and Rates of Return				
	CMM007	Income generation (external hire replacement, fire testing, highways clearance, grants from Europe)	0.250			
			0.750	0.000	0.000	0.000

Budget change forecasts for 2016-20 Environment, Development and Transport						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		SAVINGS				
		1a - Organisational Change - Staffing				
16171a	EDT018	Highways street works delivery re-design - re-design the delivery model for the area based street works service	-0.050			
16171a	EDT021	Highways asset laboratory - remove the highway asset team budget for technical highways laboratory advice and, instead, ensure any charges are included within relevant scheme/project costs	-0.067			
16171a	EDT022	Highway design – bridges teams - re-design the highways bridges teams	-0.100			
16171a	EDT023	Developer services – service re-design - redesign the Developer Services Team to reduce reliance on recharged work and simplify the planning appeals function	-0.100			
16171a	EDT024	Business Support – vacancy management - remove vacant posts in business support	-0.133			
16171a	EDT036	Service re-design - introduce a locality based structure for the Community and Environmental Services directorate		-2.638	-5.355	
		1b - Organisational Change - Systems				
141502	ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys	-0.135			
141559	GET07	Cut the cost of providing school transport (allocate more children to public transport contracts)	-0.020			
15163e	EDT005	Introduce LED street lighting	-0.750			
16171b	EDT016	Highways laboratory - reduce volume of core testing sampling carried out by Highways laboratory	-0.015			
16171b	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	

Budget change forecasts for 2016-20 Environment, Development and Transport						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171b	EDT028	Intelligent transport systems - put new technology and models in place for delivery of the intelligent transport systems approaching the end of their economic life, including replacing rising bollard technologies at bus gates with camera enforcement and co-locating the control room with another public service provider	0.215	-0.383	-0.085	
161718	EDT031	Highways maintenance capitalisation - capitalise funding for some highway maintenance activities and realise a revenue saving as a result	-3.000			
16171b	EDT032	Waste strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week			-2.000	
		1d Terms and Conditions				
141504	GET16	Reducing the costs of business travel	-0.031			
		2a Procurement				
141517	ETD018	Renegotiate concessionary travel schemes with bus operators	-0.350			
16171c	EDT029	Waste disposal contracts - savings from the planned re-procurement of waste contracts	-2.000			
16171c	EDT025	Bus Station and Park and Ride contracts - redesign and new contract arrangements for the Norwich Park and Ride bus service and site management at Norwich bus station	-0.350			
16171c	EDT033	Agency and contracted spend - 25% savings from agency and contracted spend across a number of teams			-2.074	
16171c	EDT034	Transport costs - 15% saving on transport costs, including highways vehicle fleet costs, through procurement, reducing use and better journey planning			-0.458	
16171c	EDT035	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services			-2.468	
		2b Shared Services				
141516	ETD008	Collaboration with peer authorities for delivery of specialist minerals and waste services	-0.005			

Budget change forecasts for 2016-20 Environment, Development and Transport						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		3a Income and Rates of Return				
141520	ETD010	Attract and generate new income for environment services with a view to service becoming cost neutral in the long term	-0.072			
141520	ETD011	Attract and generate new income for Historic Environment services with a view to service becoming cost neutral in the long term	-0.046			
141520	ETD013	Full cost recovery for delivery of travel plans with developers	-0.052			
141549	ETD014	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.150			
141520	ETD017	Reduce NCC subsidy for park and ride service by ongoing commercialisation	-0.075			
141520	ETD025	Increased income from delivery of specialist highway services to third parties	-0.100			
141520	ETD028	Generation of external funding and grant programme management efficiencies	-0.100			
16171d	EDT019	Economic development sector grants funding - Cease the direct funding to support economic development projects, and work with others to identify alternative ways to secure funding		-0.050		
16171d	EDT020	Economic development match funding - cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities			-0.051	
		4a - Reducing Standards				
161719	EDT030	Highways maintenance standards - Reduce/revise some non-safety critical highway maintenance standards	-0.084			
		4b Ceasing Service				
141508	ETD27	Review budget allocations for economic development projects	-0.090			
161717	EDT017	Highway network analysis and safety procurement - reduce spend on external network analysis and safety activities, including deployment of Traffic Marshalls in Norwich City centre	-0.040			
			-7.700	-3.071	-12.691	0.000
		BASE ADJUSTMENTS				

Budget change forecasts for 2016-20 Environment, Development and Transport						
Consultation Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		Lead Local Flood grant	0.207			
			0.207	0.000	0.000	0.000
		COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax				
		Children's Service to Economic Development re employment and skills	0.286			
		ICT savings from when ICT was a part of ETD	0.140			
		Property savings moving to Corporate Property Team	0.030			
		Income generation target from Fire to EDT	-0.450			
		Transfer of element of CMM007 saving from Highways to Fire	0.100			
		Staff transfer to Customer Services from EDT	-0.016			
		Transfer of depreciation charges from EDT to Communities	-0.031			
		EDT depreciation charges decrease to Finance General	34.825			
		REFCUS	-4.362			
		EDT Leases	-0.074			
		Business Support to Communities	-0.015			
		Business Support from Communities	0.001			
		Budget for NALC service to move back to CES Business Support	0.026			
		Centralisation of Office Accommodation depreciation costs to Corporate Property Team	-0.066			
		Inflation clawback to achieve £0.500m 2015-16 Finance General efficiency saving	-0.146			
		Transfer of budget from EDT to Corporate Property Team	0.022			
		Transfer of post from EDT to Corporate Property Team	-0.026			
		Debt management Finance General to EDT	0.004			
		Business Support to Corporate Property Team	-0.018			
			30.230	0.000	0.000	0.000
		NET BUDGET	150.820	147.415	136.129	137.534

Budget Changes Forecast for 2016-20					
Policy and Resources Committee					
Savings Reference		2016-17	2017-18	2018-19	2019-20
		£m	£m	£m	£m
1	Cash Limited Base Budget	-268.823	-273.687	-240.097	-228.542
2	GROWTH				
	Economic	0.509	0.543	0.482	0.482
	Demand / Demographic	0.000	0.000	0.000	0.000
	Legislative	2.272	10.383	-1.000	0.000
	NCC Policy	0.474	1.886	-0.035	-0.879
	Total Growth	3.255	12.812	-0.553	-0.397
3	SAVINGS				
1a	Digital Transformation, Better Ways Of Working: Organisation	-1.248	-1.125	-0.500	0.000
1b	Digital Transformation, Better Ways Of Working: Lean	-2.174	-0.800	-1.000	0.000
1c	Capital	0.000	0.000	0.000	0.000
1d	Digital Transformation, Better Ways Of Working: Terms and Conditions	0.424	0.000	0.000	0.000
2a	Procurement, Commissioning. Procurement	0.830	-0.135	0.000	0.000
2b	Procurement, Commissioning. Shared Services	0.000	0.000	0.000	0.000
3a	Income generation, Trading. Sweat the assets	-16.212	-7.896	-3.300	-1.000
4a	Demand Management. Change Standards	-0.083	0.000	0.000	0.000
4b	Demand Management. Stop Doing Things	0.000	0.000	0.000	0.000
4c	Demand Management. Change Assumptions	-1.678	3.678	0.000	0.000
	Total Savings	-20.141	-6.278	-4.800	-1.000
4	Base Adjustments	33.820	27.056	16.908	13.910
5	Cost Neutral Adjustments	-21.798	0.000	0.000	0.000
6	Cash Limited Base Budget	-273.687	-240.097	-228.542	-216.029
7	Definitions				
1a	Savings achieved through the restructuring of staff. E.g. a management restructure.				
1b	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.				

APPENDIX C

1c	Savings achieved through better use of the assets we have at our disposal. E.g. use more cost effective fire vehicles.
1d	Savings achieved through review of staff terms & conditions.
2a	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Savings achieved through sharing services with other organisations
3a	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Savings which result in a reduced service for customers.
4b	Savings from the ceasing of a service.
4c	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

**Budget change forecasts for 2016-20
Policy and Resources**

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		OPENING BUDGET	-252.933	-273.687	-240.097	-228.542
		Changes agreed at 2015-16 County Council	-0.727			
		Better Broadband transferred to EDT	-15.160			
		REVISED OPENING BUDGET	-268.823			
		ADDITIONAL COSTS				
		Inflationary				
		Basic Inflation - Pay (1% for 2016-19)	0.371	0.418	0.396	0.396
		Basic Inflation - Prices	0.138	0.125	0.086	0.086
		NCC Policy				
		Increase in general balances (2015-16 one-off reversal)	-0.200			
		Increase cost of borrowing		1.450		
		Area Coroner	0.100			
		Increase in second homes, 25% payment back to districts	0.096			
		Social Care System	0.478	0.436	-0.035	-0.879
		Legislative Requirements				
		Pension revaluation - Independence Matters / Norse staff		1.392		
		Pension revaluation - NCC staff	1.538	1.838		
		Election May 2017		1.000	-1.000	
		National Living Wage - Facilities contract	0.020			
		Apprenticeship Levy		1.071		
		Business risk funded in 2016-17 from 2015-16 underspend		5.000		
		National Living Wage - NCC staff	0.006	0.082		
		Single tier pension pressure	0.646			
		Increased Land Drainage Precept	0.062			
			3.255	12.812	-0.553	-0.397
		REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS				
		1a - Organisational Change - Staffing				
1516NA	P&R043	Reverse Resources saving delivered by use of one-off reserves and shared services recharging in 2015-16	0.200			
		2a - Procurement				
1516NA	P&R041	Insurance	1.000			
		1d - Terms and Conditions				
141504	GET15	Reducing the costs of employment	0.440			

Budget change forecasts for 2016-20
Policy and Resources

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
		4c - Assumptions under Risk Review				
1516NA	P&R044	County Farms funding (one-off reversal)	2.000			
			3.640	0.000	0.000	0.000
		SAVINGS				
		1a - Organisational Change - Staffing				
141508	RES068	Reduce staff in the HR Reward team	-0.018			
141508	RES071	Restructure and reduce staff across HR	-0.155			
15163b	P&R004	Accelerate "self service" for employees/mgrs. - HR/Finance/ICT	-0.100			
15163b	P&R005	Automate more information and performance reports	-0.050			
16171a	P&R050	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	-0.625	-0.625		
16171a	P&R052	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over two years via various work streams - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, automation wherever possible	-0.500	-0.500	-0.500	
		1b - Organisational Change - Systems				
141511	RES034	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.115			
141508	RES063	Reduce spend on properties with third parties	-0.100			
141510	RES081	Reduce printed marketing materials	-0.054			
15163b	P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030			
15161c	P&R018	Org Change: reduced ICT spend through single device convergence	-0.625			
16171b	P&R046	Cutting costs through efficiencies: subscriptions - assess value for money of corporate subscriptions and cancel as appropriate - use online access only to trade subscriptions	-0.050			

Budget change forecasts for 2016-20
Policy and Resources

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171b	P&R047	Customer services channel shift - utilise the council's customer service strategy to further reduce face-to-face customer contact	-0.200			
16171b	P&R060	Property assets: reducing the costs of running the estate - explore what further opportunities we have for further reducing core facilities management standards across the estate, e.g. opening hours, security levels. It should be noted that there is already a significant level of property savings already included in the MTFS, c£7m			-0.200	
16171b	P&R061	Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme - the NLAS replaced parts of the Discretionary Social Fund from 2013 onwards. These funds are not ring-fenced and offer a more flexible response to unavoidable need aligning to a wide range of local support local authorities can offer. Historically the fund has not been fully called upon, the saving is based upon the forecast spend for 2015-16	-0.200			
16171b	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by Resources have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.500	-0.500	-0.500	
16171b	P&R064	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions	-0.300	-0.300	-0.300	
		1d Terms and Conditions				
141504	GET16	Reducing the cost of business travel	-0.016			
		2a - Procurement				
15161c	P&R021	Pay per use ERP		-0.100		
15161c	P&R022	New Multi Functional Devices contract 2016	-0.070			
15161c	P&R024	Rationalise applications and centralise all applications spend	-0.100			

Budget change forecasts for 2016-20
Policy and Resources

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
15161a	P&R025	Corporate Banking project - move to Barclays		-0.035		
		3a - Income and Rates of Return				
141520	RES064	Increase income from Nplaw	-0.051			
1415NA	P&R027	County Hall refurbishment savings	-0.751			
1415NA		Reduced cost of borrowing	-0.825			
1415NA		New Homes Bonus	-1.529			
15163f	P&R033	Interest rate increases	-0.990			
15161d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-0.570	-1.430	-1.000	-1.000
15161d	P&R027	Removal of Property saving	0.600			
15162a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue	-0.050			
15162a	P&R030	Corporate Property Team approach to sponsorship & advertising		-0.100		
16171d	P&R048	Cost recovery: charging for the use of credit cards - charging service users who wish to pay bills using a credit card, thereby offsetting the costs to the council	-0.020			
16171d	P&R049	Review of accounting treatment for notional debt repayment	-9.326	-5.216		
16171d	P&R051	Raising revenue by an increased ESPO dividend - ESPO is a Joint Committee of which Norfolk is the largest member, buying on behalf of schools, councils and others. ESPO plans to reduce its costs and increase its market presence outside of its traditional operating area, resulting in an increased dividend	-0.100	-0.100	-0.100	
16171d	P&R053	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, e.g. 0.25% on £100m of cash, would produce a saving. The breadth of organisations we lend to and for how long can be reviewed. The average cash balance in 2015-16 was £215m	-0.750	-0.500		

Budget change forecasts for 2016-20
Policy and Resources

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
16171d	P&R054	Raising revenue: NCC company borrowings - Council owned companies borrow from banks and other institutions, this presents an opportunity to arbitrage the high level of cash holdings the authority currently has and eliminate a profit margin - typically 1.3% - 2.0% on £30m - £40m of borrowings	-0.700			
16171d	P&R056	Reduction in external audit costs	-0.100			
16171d	P&R057	Raising revenue: commercialisation investment fund - investment in a range of commercial activities, in particular the council's wholly owned companies, e.g. NORSE have a pipeline of energy related projects for a mix of public sector and private clients	-0.750			
16171d	P&R058	Raising revenue: property development - to explore options for the authority regarding direct property development. The Council owns a significant land and building bank for which sale for capital receipt may not be the best option for the authority. Generating a higher capital receipt would reduce future borrowing costs			-0.500	
16171d	P&R059	Raising revenue: fraud error and debt - use of data analytical tools to collect debts otherwise considered unrecoverable, largely uncollected council tax, working with district councils. The work would be performed by specialist companies		-0.050		
16171d	P&R062	Raising revenue through recharging the full costs of our services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred	-0.300	-0.500	-0.500	
16171d	P&R066	Second Homes income			-1.200	
		4a Reducing Standards				
141501	RES011	Continued efficiencies in tendering and contract management in Procurement	-0.083			
		4c - Assumptions under Risk Review				
1617NA	P&R068	Insurance Fund saving	-2.000	2.000		
1617NA	P&R069	Use of Organisational Change Reserve to fund Social Care system in 2016-17	-0.478	0.478		

**Budget change forecasts for 2016-20
Policy and Resources**

Con Ref	Reference		2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
1617NA	P&R070	Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17	-0.500	0.500		
1617NA	P&R071	Use of Organisational Change Reserve in 2016-17	-0.700	0.700		
			-23.781	-6.278	-4.800	-1.000
		BASE ADJUSTMENTS				
		Funding reductions	28.732	27.822	15.664	14.511
		New Homes Bonus	1.276	-0.029	1.981	0.136
		Council Tax Freeze Grant	3.542			
		Rural Services Grant	-0.983	-0.737	-0.737	-0.737
		Section 31 Grant Business Rates Relief Compensation	0.414			
		Business Rates Forecast NNDR1 returns	0.839			
			33.820	27.056	16.908	13.910
		COST NEUTRAL ADJUSTMENTS i.e. which do not have an impact on overall Council Tax				
		Transfer of staff from Children's Services to Corporate Property Team	0.076			
		Children's Services depreciation charges decrease to Finance General	1.190			
		Adults depreciation charges decrease to Finance General	0.015			
		EDT depreciation charges decrease to Finance General	-34.825			
		Stationery budgets to Customer Services from Resources	-0.001			
		Transfer of staff for Customer Services from P&R	-0.026			
		Transfer of staff for Customer Services from P&R	-0.027			
		Transfer of staff for Customer Services from P&R	-0.035			
		Communities depreciation charges increase from Finance General	-0.208			
		Communities depreciation charges decrease to Finance General	-0.001			
		Adults depreciation charges decrease to Finance General	0.000			
		Children's depreciation charges decrease to Finance General	-0.001			

Budget change forecasts for 2016-20
Policy and Resources

Con Ref	Reference	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
	ICT Savings from when ICT was a part of EDT	-0.140			
	Property savings moving from EDT to Corporate Property Team	-0.030			
	Fire leases	-0.505			
	EDT leases	0.074			
	REFCUS	9.256			
	Property transfer from Adults to Corporate Property Team	0.739			
	Centralisation of Office Accommodation depreciation costs to Corporate Property Team	0.229			
	Inflation clawback to achieve £0.500m 2015-16 Finance General efficiency saving	0.339			
	Transfer of post from Adults to Corporate Property Team	0.046			
	Transfer of budget from EDT to Corporate Property Team	-0.022			
	Transfer of post from EDT to Corporate Property Team	0.026			
	Building Maintenance Fund transferred to Corporate Property Team	2.040			
	Transfer of post from ICT to Adults	-0.021			
	Debt management Finance General to EDT	-0.004			
	Business Support from EDT	0.018			
		-21.798	0.000	0.000	0.000
	NET BUDGET	-273.687	-240.097	-228.542	-216.029

APPENDIX D

Council Tax / Precept in 2016-17 (Council Tax Increase 3.99%)

	£m
2016-17 Council Tax Requirement	338.960
<u>Less:</u>	
Estimated Surplus on District Council Collection Funds etc.	7.855
Precept Charge on District Councils	331.105
Council Tax for an average Band "D" Property in 2016-17	£1,190.79 (+3.99%)
Council Tax for an average Band "B" Property in 2016-17	£926.17 (+3.99%)

Total payments to be collected from District Councils in 2016-17

District Council	Tax Base	Collection Fund Surplus / (Deficit)	Precept	Total Payments Due
	(a)	(b)	(c)	(d)
		£	£	£
Breckland	41,111.80	3,548,691.00	48,955,520	52,504,211
Broadland	44,666.00	171,000.00	53,187,826	53,358,826
Great Yarmouth	26,722.00	524,000.00	31,820,290	32,344,290
King's Lynn and West Norfolk	47,939.90	805,365.00	57,086,354	57,891,719
Norwich	34,322.00	572,752.00	40,870,294	41,443,046
North Norfolk	37,940.00	1,260,585.00	45,178,573	46,439,158
South Norfolk	45,353.00	972,559.00	54,005,899	54,978,458
Total	278,054.70	7,854,952	331,104,756	338,959,708

Council Tax / Precept in 2016-17 (Council Tax Increase 3.99%)**Council Tax Collection**

The precept (column (c) above) for 2016-17 will be collected in 12 instalments from the District Council Collection Funds, as follows:-

Payment	Date	%
1	19 April 2016	8%
2	19 May	9%
3	20 June	9%
4	19 July	9%
5	19 August	9%
6	19 September	9%
7	19 October	9%
8	21 November	9%
9	19 December	9%
10	19 January 2017	9%
11	20 February	3%
12	20 March	8%
		100%

Where a surplus on collection of 2015-16 Council Tax (column (b) above) has been estimated, the District Council concerned will pay to the County Council its proportion of the sum by ten equal instalments, as an addition to the May 2016 to February 2017 precept payments.

Where a deficit on collection of 2015-16 Council Tax (column (b) above) has been estimated, the District Council concerned will receive from the County Council its proportion of the sum by ten equal instalments, as a reduction to the May 2016 to February 2017 precept payments.

2016-17 Council Tax Bands

In accordance with Section 40 of the Local Government Finance Act 1992, the County Council amount of the Council Tax for each valuation band be as follows:

Band	£
A	£793.86
B	£926.17
C	£1,058.48
D	£1,190.79
E	£1,455.41
F	£1,720.03
G	£1,984.65
H	£2,381.58

Budget and Service Planning Timetable 2017-18

Activity/Milestone	Time frame
County Council agree recommendations for 2016-20 including that further plans to meet the shortfall for 2017-18 to 2019-20 are brought back to Members during 2016-17	22 February 2016
Chancellor's Budget 2016 announced	16 March 2016
Consider implications of service and financial guidance and context, and review / develop service planning options for 2017-20	March – June 2016
Member review of the latest financial position on the financial planning for 2017-20	July – August 2016
Member review of financial updates or information from expected Government consultations affecting funding settlement	September – October 2016
Consultation on new planning proposals and Council Tax 2017-20	Late September / October to December 2016 / January 2017
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options	November 2016
Chancellor's Autumn Statement and Provisional Finance Settlement	December 2016
Service reporting to Members of service and financial planning and consultation feedback	January 2017
Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	Late January 2017
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	Early February 2017
County Council agree Medium Term Financial Strategy 2017-18 to 2019-20, revenue budget, capital programme and level of Council Tax for 2017-18	Mid-February 2017

Budget Proposals for Policy and Resources Committee Budgets 2016-17**Strategic and Financial Planning issues relating to Directorates reporting to Policy & Resources Committee****1. Summary of saving proposals by Directorates reporting to Policy & Resources Committee**

The table below sets out a summary of the savings proposals by Directorates reporting to the Policy & Resources Committee.

Committee	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m	2019-20 Saving £m	Total Saving £m
Resources – (includes NCC cross cutting savings)	-3.192	-2.025	-1.300	0.000	-6.517
Finance & Property	-20.589	-4.253	-3.500	-1.000	-29.342
Total Savings	-23.781	-6.278	-4.800	-1.000	-35.859
Removal of 2015-16 Savings and one-off items (shown elsewhere on budget change forecasts)	3.640	0.000	0.000	0.000	3.640
Grand Total	-20.141	-6.278	-4.800	-1.000	-32.219

2. Budget proposals for Policy and Resources Committee

The table below sets out a summary of the budget proposals for Directorates reporting to the Policy & Resources Committee

Policy and Resources Categorised Savings	2016-17	2017-18	2018-19	2019-20	2016-20
	£m	£m	£m	£m	£m
1a - Organisational Change - Staffing	-1.448	-1.125	-0.500	0.000	-3.073
1b - Organisational Change - Systems	-2.174	-0.800	-1.000	0.000	-3.974
1c - Capital	0.000	0.000	0.000	0.000	0.000
1d - Terms and Conditions	-0.016	0.000	0.000	0.000	-0.016
2a - Procurement	-0.170	-0.135	0.000	0.000	-0.305
2b - Shared Services	0.000	0.000	0.000	0.000	0.000
3a - Income and Rates of Return	-16.212	-7.896	-3.300	-1.000	-28.408
4a - Reducing Standards	-0.083	0.000	0.000	0.000	-0.083
4b - Ceasing Service	0.000	0.000	0.000	0.000	0.000
4c - Assumptions under Risk Review	-3.678	3.678	0.000	0.000	0.000
Total Savings	-23.781	-6.278	-4.800	-1.000	-35.859
Removal of 2015-16 Savings and One-off items (shown elsewhere on Budget change forecasts for 2016-19)	3.640	0.000	0.000	0.000	3.640
	-20.141	-6.278	-4.800	-1.000	-32.219

Budget Proposals for Policy and Resources Committee Budgets 2016-17**3. Explanation of changes since the October 2015 Report to Policy & Resources Committee**

The table below sets out a summary of the changes to the savings proposals for Directorates reporting to the Policy & Resources Committee.

2016-17	Policy and Resources
	£m
New 2016-17 savings proposals reported from Service Committee to P&R (26 October 2015)	-15.621
Existing 2015-16 Budget Round savings removed by P&R (26 October 2015)	0.153
Existing 2016-17 savings from 2015-16 and earlier budget rounds	-4.825
Remove P&R savings from 2015-16 and earlier budget rounds (GET015) following Chief Officer review	1.300
Adjust for Council Tax saving delivered in tax base changes	1.200
Add new one-off Insurance Fund saving (P&R068)	-2.000
Reprofile Advertising saving to 2017-18 (P&R030) following Chief Officer review	0.100
Reprofile Carrow House saving to 2017-18 (P&R027) following Chief Officer review	0.430
Remove Resources saving delivered from one-off sources 2015-16 (P&R044) following Chief Officer review	0.200
Remove Property saving (P&R027) following Chief Officer review	0.600
Use of Org Change Reserve to fund Social Care system in 16-17 (P&R069)	-0.478
Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (P&R070)	-0.500
Use of Organisational Change Reserve in 2016-17 (P&R071)	-0.700
Total 2016-17 Savings	-20.141
Less one-off savings adjustments now shown elsewhere in Appendix C	-3.640
Total 2016-17 savings as per Appendix C	-23.781
2017-18	
New 2017-18 savings proposals reported from Service Committee to P&R (26 October 2015)	-11.691
Existing 2017-18 savings from 2015-16 and earlier budget rounds	-5.135

Budget Proposals for Policy and Resources Committee Budgets 2016-17

Reprofile Advertising saving to 2017-18 (P&R030) following Chief Officer review	-0.100
Reprofile Carrow House saving from 2016-17 (P&R027)	-0.430
Remove P&R savings from 2015-16 and earlier budget rounds (P&R026) following Chief Officer review	2.000
Reverse one-off Insurance Fund saving (P&R068)	2.000
Remove Resources saving from reducing costs of employment (P&R067) following Chief Officer review	3.400
Reverse use of Org Change Reserve to fund Social Care system in 16-17 (P&R069)	0.478
Reprofile Property saving (P&R027) following Chief Officer review	2.000
Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (P&R070)	0.500
Use of Organisational Change Reserve in 2016-17 (P&R071)	0.700
Total 2017-18 savings as per Appendix C	-6.278
2018-19	
New 2018-19 savings proposals reported from Service Committee to P&R (26 October 2015)	-3.800
Reprofile Property saving (P&R027) following Chief Officer review	-1.000
Total 2018-19 savings as per Appendix C	-4.800
2019-20	
Reprofile Property saving (P&R027) following Chief Officer review	-1.000
Total 2019-20 savings as per Appendix C	-1.000
Total Savings 2016-17 to 2019-20 per Appendix C	-35.859
Removal of one-off items shown elsewhere in Appendix C	3.640
Total Savings 2016-17 to 2019-20	-32.219

4. Implications and risks for budget planning 2016-17

4.1 There are no specific implications of the settlement relevant to the Directorates reporting to the Policy and Resources Committee.

4.2 There are no specific planning assumptions relevant to the Directorates reporting to the Policy and Resources Committee.

Unconfirmed Draft Service Committee Minutes**Adult Social Care Committee:****Extract from draft minutes of meeting held on 25th January**

- 10. Strategic and Financial Planning 2016-17 to 2018-19**
- 10.1 The Committee received the annexed report (10) from the Executive Director of Adult Social Services. The proposals in the report would contribute towards the County Council setting a legal budget for 2016-17 which would see its total resources of £1.4billion focused on meeting the needs of the residents.
- 10.2 The Committee received a presentation from the Delivery Manager, Business Intelligence and Performance Service detailing the outcomes from the budget consultation and the outcome of the Equality and Rural Assessments.
- 10.2.1 Following the presentation, Members asked how the numbers of the respondents were represented and if the 3000 responses received was a good turnout. The delivery Manager confirmed that compared to other similar Council's consultations 3000 responses was a good outcome. However the responses were not very representative as people tended to respond to consultation that would directly affect them and in this case it would affect the older generations.
- 10.2.2 It was also clarified for Members that along with the question consultation there were also consultation events that took place and were well attended. Groups and individuals who used the service affected had asked for more consultation events and this was taken up.
- 10.2.3 Members expressed concern that the report had no mention of the risk of a judicial review against equality legislation yet it had been reported that 9000 people would be affected by the proposed savings. It was clarified by the Corporate Planning and Partnerships Manager that the EIA (Equality Impact Assessments) measured every conceivable risk possible and these were available in the appendix to the report.
- 10.2.4 There was a general feeling that more responses would have given the Committee a better overview of the views of Norfolk residents. However the consultation had not provided any surprises considering it was proposing a 25% reduction. Some Members felt that by the Council consulting on a 25% reduction, it was misleading the County and causing extra alarm to residents as the Committee had heard in previous meetings from Officers that a 25% reduction in service was undeliverable.
- 10.3 In discussing the proposed savings, the Committee expressed support for a rise in the Council tax precept in order to save services for Adult Social services. It was clarified by the Executive Director of Adult Social Services that the proposed reductions titled 'Reduce the Council's funding for Supporting People services' and 'Stop all transport funded by Adult Social Care Services by 2019' would be removed from the savings list if a 2% rise in Council Tax precept was agreed.
- 10.4 There was concern expressed about the reinstating of savings proposal which had a direct impact on promoting independence and learning disabilities as this was the area that would be making the service more cost-effective in the future. The £1.5million worth of savings in question related to personal budgets. However, Members did not feel that more savings could be squeezed from personal budgets as

Unconfirmed Draft Service Committee Minutes

they did not adequately cover transport costs and therefore adversely impacted on an individual's quality of life. It was clarified that decisions around personal budgets would be taken in conjunction with service users.

- 10.5 The Committee queried whether the proposed savings were too reliant on promoting independence and if this could be a risk if the savings were not realised.
- 10.6 An increase in the Council tax precept would not fix the overall problem and there were other risks to be concerned about. The Executive Director of Adult Social Services confirmed that £7.1million could be at risk from the Better Care Fund re-negotiations but there would be ongoing meetings and it would be signed off by the Health and Wellbeing Board.
- 10.7 The Committee were assured by the Executive Director that all of the proposed savings assumed that the transformation programme would be continued.
- 10.8 Members asked if there would be a tender for day services for the newly refurbished Elm Road. The Executive Director explained that they were still in the process of securing the premises and therefore had not proceeded that far in the process.
- 10.9.1 In discussing recommendation 1b), Mr D Crawford proposed, seconded by Mr M Sands that the Committee should recommend to Policy and Resources Committee that the 1.99% increase in general level of Council Tax is accepted.
- 10.9.2 With 8 votes in favour, 1 against and 6 abstentions, the proposal was **CARRIED**.
- 10.10.1 In discussing recommendation 1c), Mr B Borrett proposed, seconded by Mr A Proctor, that the Committee should recommend to Policy and Resources Committee that the Council adopts a 2% Council Tax precept rise for Adult Social Care.
- 10.10.2 The proposal was **CARRIED** unanimously.
- 10.11.1 In discussing recommendation 7, Ms E Morgan proposed, seconded by Mrs J Brociek-Coulton that the Committee should recommend to Policy and Resources that the £3million saving COM033 is removed or mitigated to whatever extent possible and fund this from an increase in general Council Tax of up to 1.99%.
- 10.11.2 With 8 votes in favour, 0 against and 7 abstentions, the proposal was **CARRIED**.
- 10.12 The Committee **RESOLVED** to;
- 1) Consider and comment on the Committee's specific budget proposals for 2016-17 to 2018-19, including the findings of public consultation in respect of:
 - a) The budget proposals set out in Appendix 4; and
 - b) The scope for a Council Tax increase of up to 1.99% within the Council Tax referendum limit of 2% for 2016-17, noting that in contrast to previous years, there is no Council Tax Freeze Grant being offered in respect of 2016-17, and that central government's assumption in the Spending review is that Councils will increase Council tax by CPI every year (forecast 1.2% in 2016-17).
 - c) The scope for a specific Adult Social Care Council tax precept of 2%:

Unconfirmed Draft Service Committee Minutes

- i. In 2016-17; and
 - ii. In the subsequent years of the Medium Term Financial Strategy, 2017-18, 2018-19 and 2019-20.
- 2) Recommend to Policy and Resources that the 1.99% increase in general level of Council Tax is accepted.
- 3) Recommend to Policy and Resources that the Council adopts a 2% Council Tax precept for Adult Social Care.
- 4) Consider and comment on the findings of equality and rural assessment, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to;
 - a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - c) Foster good relations between persons who share a protected characteristic and persons who do not share it
- 5) Consider and agree any mitigating actions proposed in the equality and rural impact assessments.
- 6) Note;
 - a) The removal of the £5.1m Supporting People saving (ASC012 – Refocus Supporting People provision to support Promoting Independence Phase 1) on the assumption that council passes the 2% ASC precept.
 - b) The removal of the Adults Transport saving (ASC014 – Phase out all transport provision to service users) from 2017-18 and 2018-19 on the assumption that council passes the 2% ASC precept for 2017-18 to 2019-2020 from the savings approved for consultation at the October P&R committee.
- 7) Agree and recommend for Policy and Resources Committee the draft Revenue Budget as set out in Appendix 4 removing any savings unacceptable to the Committee and recommending a commensurate increase in Council Tax, within the referendum limits to meet the shortfall for consideration by Policy and Resources Committee on 8th February 2016, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 22 February 2016.
- 8) Recommend to Policy and Resources that the £3million saving COM033 is removed or mitigated to whatever extent possible and fund this from an increase in general Council Tax of up to 1.99%.
- 9) Agree and recommend the Capital Programmes and scheme relevant to this Committee as set out in Appendix 5 to Policy and Resources Committee for consideration on 8th February 2016, to enable Policy and Resources

Unconfirmed Draft Service Committee Minutes

Committee to recommend a Capital Programme to Full Council on 22 February 2016.

NB. The Committee also moved the following proposal in relation to the transformation programme;

The ASC Committee should re-submit the following request to Policy and Resources Committee; The Adult Social Care Committee is of the view that sufficient funding is essential for the transformation programme in Adult Social Care in order to successfully achieve budget savings. The Policy and Resources Committee are asked to ensure that sufficient resources are available to make this happen.'

Unconfirmed Draft Service Committee Minutes**Children's Services Committee:****Extract from draft minutes of meeting held on 26th January 2015****9 Strategic and Financial Planning 2016-17 to 2018-19.**

- 9.1 The Committee received the report by the Executive Director of Children's Services setting out proposals that would contribute towards the County Council setting a legal budget for 2016-17 which would see its total resources of £1.4billion focused on meeting the needs of residents.
- 9.2 The Committee received a presentation from the Delivery Manager, Business Intelligence and Performance Service, detailing the budget consultation findings and the outcome of Equality and Rural Assessments. A copy of the presentation is attached at Appendix A.
- 9.3 Following the presentation, the points below were noted in response to questions from the Committee:
- 9.3.1 All the comments made from responders to the consultation proposals during the consultation period had been analysed and a summary provided. A full copy of all the responses was available in the Members room and the document was also available on the website. If Members had any individual questions about the comments, these could be raised with the Business Intelligence and Performance team.
- 9.3.2 It was recognised that it was mainly older people who had responded to the consultation. The Committee noted that future consultations would attempt to involve younger people and the suggestion of involving the Members of Youth Parliament (MYPs) to publicise the consultation to ensure views of 16-19 year olds were included was noted.
- 9.3.3 The list of protected characteristics was set out in the Equalities Act 2010. The Delivery Manager, Business Intelligence and Performance Service would provide a full list to the Committee.
- 9.3.4 All responses to the consultation were given the same weighting, with no added weighting given to responses from organisations such as Parish or District Councils to account for the number of residents living in the area. However, particular attention had been given to groups such as Older People Forums to obtain a consensus of opinions. Members were pleased to note that offers of support were often included in those group responses which had been received by letter.

The meeting adjourned at 1.05pm and reconvened at 1.35pm.

- 9.4 In presenting the report, the Senior Accountant - Children's Services notified the Committee of the following amendments to the report:

Unconfirmed Draft Service Committee Minutes

- 9.4.1 Agenda page 169, 3rd bullet point to read:
To reduce the cost of transport for children who are educated in alternative provision by £0.250m in 2017-18. This
- 9.4.2 Agenda page 170, 1st bullet point to read:
To update our budget for redundancy and retirement costs for teachers to reflect how much we are now spending on this, which amounts to £0.250m in 2016-17, £0.050m in 2017-18 and £0.10m in 2018-19. We are
- 9.5 The Committee discussed the following consultation proposal:
- To reduce our funding for youth work by £0.605m in 2016-17, £0.105m in 2017-18 and £0.105m in 2018-19. We are proposing to reduce the funding for some projects we run that support young people. We are proposing to reduce funding for our youth advisory boards to pay for positive activities for young people, including young people that are at risk of becoming not in education, employment or training (NEET). We are also proposing to stop funding the Young People and Debt project in Norwich and reduce our funding to Momentum by 50%.
- 9.5.1 Members asked the Executive Director of Children's Services if this option was cost-effective, or if the money could be used in a more cost-effective way. The Executive Director replied that this had been identified as a "least worst" option and he would be keen to see this saving removed, although he would like to see the money spent differently so it could have the best impact for disadvantaged young people.
- 9.5.2 Members agreed that, while they were in favour of maintaining the funding for youth services, they wished to find other ways of allocating that money.
- 9.5.3 Mr R Bearman proposed, seconded by Mr D Crawford to ask Policy & Resources Committee to raise council tax by 1.99% and to use the savings to fund youth services, with some of the money being used to fund the budget deficit.
- 9.5.4 With 8 votes in favour, 0 votes against and 8 abstentions, the proposal was **CARRIED**.
- 9.6 With regard to the proposal to reduce the number of social workers used who worked for employment agencies, and commencing this reduction earlier to achieve a cumulative effect sooner, the Executive Director informed the Committee that there were currently 65 vacancies which were covered by agency staff, with a small number covering sickness and other short-term absences. It was the 65 agency social workers covering vacancies that was the main focus of this proposal and it was expected these savings could be

Unconfirmed Draft Service Committee Minutes

achieved from the Early Help Service which would reduce the need for agency social workers across Norfolk.

- 9.7 The Committee asked for a report to be brought to a future meeting detailing the work of the Youth Advisory Boards across the county to ascertain which Boards were performing well.
- 9.8 The budget savings for redundancy and retirement costs for teachers was considered achievable as Norfolk County Council was no longer responsible for paying redundancy and retirement costs for teachers once schools became academies.
- 9.9 The Executive Director confirmed that all the budget proposals tied in with the Ofsted Improvement Plan which had first call on the budget and would therefore put pressure on the budget in other areas.
- 9.10 The Executive Director of Finance confirmed that £3.1m could be raised by raising Council Tax by 1%.
- 9.11 The Executive Director of Finance agreed to ask the District Councils to provide some information about how much money was written off for unpaid council tax and circulate this information to the Committee.
- 9.12 It was confirmed that the figure of £0.500 detailed under the proposal to reduce the cost of transport for children with Special Educational Needs was a revenue saving.
- 9.13 The Committee **RESOLVED** to:
- (1) note the Committee specific budget proposals for 2016-17 to 2018-19, including the findings of public consultation in respect of:
 - The budget proposals set out in Appendix 4; and
 - The scope for a Council Tax increase of up to 1.99%, within the Council Tax referendum limit of 2% for 2016-17, noting that in contrast to previous years, there is no Council Tax Freeze Grant being offered in respect of 2016-17, and that central government's assumption in the Spending Review is that Councils will increase Council tax by CPI (Consumer Price Index) every year (forecast 1.2% in 2016-17).
 - (2) note the findings of equality and rural assessment, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:
 - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

Unconfirmed Draft Service Committee Minutes

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (3) agree any mitigating actions proposed in the equality and rural impact assessments.
- (4) With 8 votes in favour, 0 votes against and 7 abstentions, agree to recommend to Policy and Resources Committee the draft Revenue Budget as set out in Appendix 4, with the exception of:
- Removing the following item from consideration and replacing it with a 1.99% rise in Council Tax.

“To reduce our funding for youth work by £0.605m in 2016-17, £0.105m in 2017-18 and £0.105m in 2018-19. We are proposing to reduce the funding for some projects we run that support young people. We are proposing to reduce funding for our youth advisory boards to pay for positive activities for young people, including young people that are at risk of becoming not in education, employment or training (NEET). We are also proposing to stop funding the Young People and Debt project in Norwich and reduce our funding to Momentum by 50%”.

for consideration by Policy and Resources Committee on 8th February 2016, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 22nd February 2016.

- (5) With 8 votes in favour, 0 votes against and 7 abstentions, agree and recommend the Capital Programmes and schemes relevant to this Committee as set out in Appendix 5 to Policy and Resources Committee for consideration on 8th February 2016, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 22nd February 2016.

Unconfirmed Draft Service Committee Minutes**Communities Committee:****Extract from draft minutes of the meeting held on 27th January 2015****9. Strategic and Financial Planning 2016-17 to 2018-19**

- 9.1 The Committee received the annexed report from the Executive Director of Community and Environmental Services and the Executive Director of Resources. The proposal in the report would contribute towards the County Council setting a legal budget for 2016-17 which would see its total resources of £1.4 billion focused on meeting the needs of residents.
- 9.2 The Committee received a presentation from the Business Intelligence and Performance Senior Analyst detailing the outcomes from the budget consultation and the outcome of the Equality and Rural Assessments.
- 9.3 The Chairman outlined the three choices the Committee faced as per the report. It was stressed that there needed to be a justified reason why the savings proposals from the October meeting of the Committee would be changed such as public consultation, equality impact assessments, external factors or context or risk.
- 9.3 Members raised concerns regarding the transfer of firefighters to Earham fire station from Dereham and the implications of this if there were to be an incident to the west of the County. The cost of this move was also questioned as it was more than the initial move to Dereham five years ago. It was clarified that the Government grant income would cover the cost of twelve firefighter posts. Earham was the busiest fire station and there would be occasions where there was a conflict of their roles.
- 9.4 The Committee heard that the implementation of self-service technology pilot at Acle library was still in the early stages. Over 100 members of the public had registered to use the library outside staffed hours but some of these were individuals who would also visit the library at other times. The savings relating to the proposal of implementing Open Plus technology would result in the reduction of 47% of front line library staff and Members expressed serious concern at this level of staffing reduction. It was also expressed that the views of the Arts Council should be considered as they took a negative view of this level of staffing reduction and it could result in the Council losing future grants.
- 9.5 The Executive Director of Finance informed the Committee that the implementation of self-service technology was through a £1 million investment of capital but on the condition that it would make a considerable saving. If the savings were not to be realised then the investment could be withdrawn. However, it was noted that the library service would not be able to make the proposed savings without the self-service technology as there was not the capacity to make any further staffing reductions without it.
- 9.6 After some discussion around the implementation timings of the self-service technology and the subsequent staffing adjustments needed to realise the proposed savings, the Committee **AGREED** to delay this proposal and its savings for one year, to allow time to analyse the benefits of the technology using the pilot at Acle library and to re-think the staffing reduction.

Unconfirmed Draft Service Committee Minutes

- 9.7 Some Members felt that the savings proposed to realise for the reduction of the grants provided by the Norfolk Arts Services was too small a savings to be considered. The savings proposals which related to the arts needed to be deliberated whilst considering the County Council's priorities of real jobs, good infrastructure, excellence in education, and supporting vulnerable people as cutting the arts budget too far would impact on the ability to promote NCC's priorities.
- 9.8 Deep concern was expressed at the proposed closure of fire stations and suggested that fire stations and fire fighters be saved from the cuts if at all possible. The Chairman explained that the recent events such as that in Paris and the recent flooding had emphasised that more thought should be given to the impact on the fire service's ability to respond to multiple emergencies and crises across the County.
- 9.9 The Chief Fire Officer explained that the proposal to save £600k consisted of ICT, procurement, training, the management of the control room, retained services, and senior management posts. In an already lean and cost effective service, it was reported that it was exceedingly difficult to make even more savings.
- 9.10 Mr C Aldred proposed, seconded by Mrs H Cox to remove the following proposals from the list of proposed savings; CMM014, CMM015, CMM019, CMM020, CMM021, CMM028, CMM030 and to remove £300k worth of savings from CMM023. This would total approximately £845k worth of savings resulting in 0.27% increase in Council Tax.
- 9.10.1 With a unanimous vote in favour, the proposal was **CARRIED**.
- 9.11 The Committee **RESOLVED** to;
- 1) Consider and comment on the Committee's specific budget proposals for 2016-17 to 2018-19, including the findings of public consultation in respect of;
 - a) The budget proposals set out in Appendix 3 and Appendix 5 (part 5); and
 - b) The scope for a Council Tax increase of up to 1.99%, within the Council Tax referendum limit of 2% for 2016-17, noting that in contrast to previous years there is no Council Tax freeze grant being offered in respect of 2016-17, and that central Government's assumption in the Spending Review is that all Councils will increase Council tax by CPI each year (forecast 1.2% in 2016-17).
 - 2) Consider and comment on the findings of equality and rural assessment, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to;
 - a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who share it;
 - c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
 - 3) Consider and agree any mitigating actions proposed in the equality and rural impact assessments.

Unconfirmed Draft Service Committee Minutes

- 4) Agree and recommend to Policy and Resources Committee the draft Revenue budget as set out in Appendix 3, removing any savings unacceptable to the committee, as per list below, and recommending a commensurate increase in Council Tax of 0.27% to meet the shortfall for consideration by Policy and Resources Committee on 8th February 2016, to enable them to recommend a sound, whole Council budget to Full Council on 22nd February 2016;
 - a. The savings classed as unacceptable savings by the Committee were;
 - i. CMM014 - To reduce grants provided by the Norfolk Arts Services
 - ii. CMM015 – To move to lone working across the 10 museums managed by the Norfolk Museums services, where it was safe to do so
 - iii. CMM019 – To reduce service standards for the Norfolk Record Office to reduce hours for the search room, accept new items for the archives two days a week only with an appointments and reduce conservation work
 - iv. CMM020 – To reduce the opening hours by 42% to approximately 24 hours per week and stop the archive specialist working at the Norfolk and Norwich Millennium Library.
 - v. CMM021 – To reduce libraries spend on stock and the staff who manage new stock
 - vi. CMM028 – To re-design the museums service to focus on the three main sites (Norwich Castle, Gressenhall, Time and Tide) with the only a basic level of service at the remaining seven sites.
 - vii. CMM030 – Fire Service – to reduce crews on retained fire stations down to a minimum establishment, removing 2nd appliances and their retained crews.
 - viii. CMM023 – Fire Service -To re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focused activities. It was **AGREED** to remove £300k worth of savings from this proposal.
- 5) Agree and recommend the Capital Programmes and scheme relevant to this Committee as set out in Appendix 4 to Policy and Resources Committee for consideration on 8th February 2016, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 22nd February 2016.
- 6) To recommend the IRMP to Full Council for approval, subject to the Director of Community and Environmental Services amending the draft IRMP to reflect the outcomes of the Committee deliberations at this meeting and at the meeting of the Policy and Resources Committee on 8 February 2016.

Unconfirmed Draft Service Committee Minutes**Environment, Development and Transport Committee:
Extract from draft minutes of the meeting held on 29th January 2015****12. Strategic and Financial Planning 2016-17 to 2018-19**

- 12.1 The Committee received the report which outlined the proposals that would contribute towards the County Council setting a legal budget for 2016-17.
- 12.2 The Committee received a presentation from the Business Intelligence and Performance Senior Analyst, Mr D Harry, which outlined in more detail the results from the budget consultation.
- 12.3 The following points were discussed following the presentation in regards to the consultation:-
- The response to Proposal 16 – Change our Historic Environment Service so that we only do what we have to by law with a saving of £172k, was highlighted as having received comments from national bodies, the British Museum, the British Archaeology Trust and the House of Commons All Party Archaeology Group.
 - It was noted that people who had responded drew out the difference between what were considered an essential service and non-essential services.
 - It was disappointing that the number of young people who had responded to the consultation was so low and that this should be looked into for future consultations.
 - In response to a comment made regarding the low level of response to the consultation, the Committee were advised that the response rate to this consultation was the 2nd highest response they had ever had for a budget consultation.
 - The information provided by the consultation was to assist and inform members of the committee not to ratify the decisions of the council in regards to the budget.
- 12.4 Mr J Timewell proposed, seconded by Mr B Bremner, that the Committee agree to support young people into work and enterprise, working with the Princes Trust business start-up programme at a cost of £200k and to also invest £50k in Hethel Innovation Limited with the funding provided to be used as a lever for the next steps in creating a master plan.

Some members of the Committee felt that these were important areas to support, that investment in Hethel could only be a positive investment; and the investment of the £200k had the potential to treble to £600k within the Prince's Trust programme over 2 years.

The motion **Fell** with **8** votes **For** and **9** **Against**.

Unconfirmed Draft Service Committee Minutes

12.5 The Committee went through each of the proposals. The following points were discussed:-

- Mr D Gurney, Historic Environment Manager was invited to speak to the Committee. He explained to the Committee how the savings proposed would result in the team ceasing all community engagement, ceasing work on historic buildings and archaeological findings. This would have a direct impact on the Coroner who relied on the team to carry out her statutory duty in regards to treasures found in the county and would likely mean needing to buy the service elsewhere.
- Members voiced their concern that this was an area where Norfolk was delivering a world class service and it would be a shame to let this fall to the side.
- In regards to the proposal number 19, spending less on maintaining roads, maintaining bridges and gritting, the committee voiced concerns around the reduction in spend on the illuminated signs and were assured that all the cuts were non-safety cuts.
- In regards to reducing the spend on drainage repairs, cleaning and gully emptying this was felt to be an inappropriate cut by various members considering the state of the roads and flooding that had occurred lately.
- Members raised concerns that many of these cuts could end up costing the council more money further down the line as the problems needed to be dealt with regularly, for example the clearing of weeds.
- In regards to the proposed cut of £50k through reducing highways inspections it was explained that this was the most that could be cut from this budget without having adverse effects on the service.

12.6 The Committee went through and voted on each proposal with the results outlined below:

- **Proposal 16- Change our Historic Environment Service so that we only do what we have to by law (£0.172M)**

The Committee voted unanimously to **remove** this proposal from the list of savings.

- **Proposal 17 - Spend less money measuring and analysing the traffic in Norfolk (£0.040M)**

With **8 For** and **9 Against** the Committee agreed to **remove** this proposal from the list of savings.

- **Proposal 18 - Use our capital budget to pay for some highways maintenance (£3.0M)**

Unconfirmed Draft Service Committee Minutes

With **16 votes For** and **1 Abstention** the Committee agreed to **keep** this savings proposal.

- **Proposal 19 - Spend less on maintaining roads, maintaining bridges and gritting (£0.980M)**

The Committee agreed to **remove** the proposal with the following votes recorded:

- Reduction in the percentage of roads gritted and/or enabling local communities to pay to fill up grit bins provided by Parish Councils
4 votes For and 13 votes Against
 - Reduction in the number of urban grass cuts from 5 to 4
6 votes For, 9 votes Against and 2 Abstentions
 - Reducing work on verges, hedges and trees by 20%
4 votes For, 11 votes Against and 2 Abstentions
 - Reducing spend non illuminated signs by 20%
4 votes For, 12 votes Against and 1 Abstention
 - Reducing spend on replacement road markings by 10%
2 votes For, 14 votes Against and 1 Abstention
 - Reducing spend on drainage repairs/cleaning/gully emptying by 10%
2 votes For, 14 votes Against and 1 Abstention
 - Reduction in the number of weed treatments from 2 to 1
2 votes For, 12 Against and 3 Abstentions
 - Reducing spend on reactive bridge maintenance by 20%
2 votes For, 14 Against and 1 Abstention
 - Reduction in frequency of highway inspections
5 votes For, 9 Against and 3 Abstentions
- **Other savings planned for 2016/17 (£2.815M), 2017/18 to 2018/19**
Part one of this section outlined three efficiency measures that would save an estimated £2.815M in 2016/17. Part two outlined four further changes, which could deliver savings in 2017/18 to 2018/19, including a change in the way that services are delivered to move to a locality based model.

With **8 votes For**, **1 Against** and **2 Abstention** the Committee agreed to **keep** this set of proposals.

12.7 Mr M Wilby proposed, seconded by Mr A White the following set of proposals:

Proposal 1:
Reverse the following savings for 2016/17:

Unconfirmed Draft Service Committee Minutes

- Historic Environment service (EDT026) £172,000
- Highways maintenance standards (EDT030) £245,000

Sub Total for Proposal 1: £417,000

Proposal 2:

In addition, reverse the following decisions:

- Re-open Docking recycling centre £70,000
- Restore bank-holiday opening at recycling centres £85,000
- Restore full-time opening at Ashill, Heacham and Morningthorpe recycling centres £50,975

Sub Total for Proposal 2: £205,975

Proposal 3:

- Create a new 'Highways maintenance and small projects' fund £1.5million (minimum)

Total of proposals 1 & 2: £622,975

Plus a minimum of £1.5million for proposal 3.

The Committee noted that Proposal 1 had already been agreed for 2016/17 and 2017/18.

With **9** votes **For**, **2 Against** and **6 Abstentions** the motion **Carried**.

The Committee **RESOLVED** to:

1) Consider and comment on the Committee's specific budget proposals for 2016-17 to 2018-19, including the findings of public consultation in respect of:

- The budget proposals set out in Appendix 2; and
- The scope for a Council Tax increase of up to 1.99%, within the Council Tax referendum limit of 2% for 2016-17, noting that in contrast to previous years, there is no Council Tax Freeze Grant being offered in respect of 2016-17, and that central government's assumption in the Spending Review is that Councils will increase Council tax by CPI every year (forecast 1.2% in 2016-17).

2) Consider and comment on the findings of equality and rural assessment, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:

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

Unconfirmed Draft Service Committee Minutes

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
 -
- 3) Consider and agree any mitigating actions proposed in the equality and rural impact assessments.
- 4) Agree and recommend to Policy and Resources Committee the draft Revenue Budget as set out in Appendix 2 with the removal of the following savings that were unacceptable to the committee:
- **Proposal 16- Change our Historic Environment Service so that we only do what we have to by law (£0.172M)**
 - **Proposal 17 - Spend less money measuring and analysing the traffic in Norfolk (£0.040M)**
 - **Proposal 19 - Spend less on maintaining roads, maintaining bridges and gritting (£0.896M)**

And with **6 votes For, 2 Against** and **9 Abstentions** recommend that there be a 1.99% increase in Council Tax to meet the shortfall produced and additional costs.

For consideration by Policy and Resources Committee on 8th February 2016, to enable Policy and Resources Committee to recommend a sound, whole- Council budget to Full Council on 22nd February 2016.

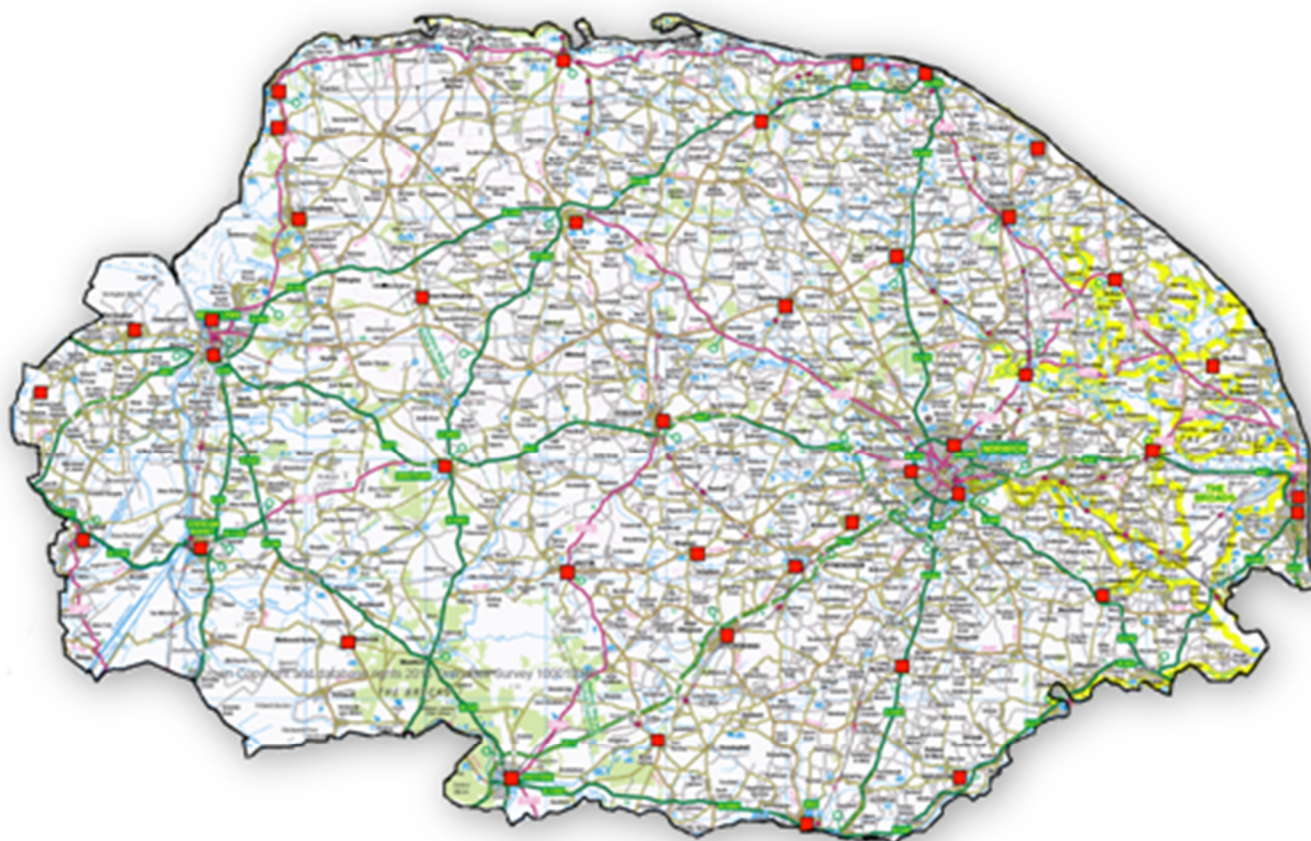
5) Note the Capital Programmes and schemes relevant to this Committee as set out in Appendix 2 and elsewhere on this agenda and recommend that to Policy and Resources Committee for consideration on 8th February 2016, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 22nd February 2016.

Integrated Risk Management Plan (IRMP)

IRMP APPENDED IN SEPARATE DOCUMENT



Norfolk Fire and Rescue Authority Draft Integrated Risk Management Plan 2016/2020



Contents

1. Introduction to Norfolk.....	4
Norfolk Fire and Rescue Service (NFRS).....	4
County Profile.....	5
The Integrated Risk Management Plan Process	5
Achievements since our last IRMP	7
2. Strategic Challenges and the Risk Profile in Norfolk.....	8
Strategic Challenges	8
Risk Profile	10
Summary	16
3. Our Strategic Vision and Service Priorities	17
Prevention Objective:.....	20
Priorities	20
Performance since the last IRMP	20
Our Key Activities	21
Protection Objective:.....	22
Priorities	22
Performance since the last IRMP	22
Our Key Activities	23
Response Objective:.....	24
Priorities	24
Performance since the last IRMP	24
Our Key Activities	25
Current Operational Arrangements.....	25
Capabilities	30
Emergency Response Standards (ERS)	32
4. Proposals for change.....	35

Foreword

Welcome to Norfolk Fire and Rescue Service's (NFRS) Integrated Risk Management Plan (IRMP) 2016-20 which sets out our vision for the fire and rescue service to 2020 and how we will achieve this. Public safety needs in Norfolk are changing, and our role is becoming much more about preventing emergencies from occurring in the first place, through education, engagement with the public and collaboration with other services and the voluntary sector. Those emergency calls we do receive are now more likely to be to road traffic collisions and other rescues, rather than fires, and we want to shift our resources to match these changing demands.

NFRS is one of many services provided by Norfolk County Council which is currently faced with a difficult challenge. Significant reductions in funding from central government combined with increasing demand for our services means that as a County Council we have a large funding gap over the next three years. The Council has been making cuts, savings and efficiencies since 2011/12. In order to make further savings we are "re-imagining" our services - completely rethinking what we do and how we do it.

Councillors and officers have worked together on a strategic review of our fire and rescue service to examine what services we should provide in future and how best to do that. After a detailed review of risk-based evidence, we consulted on our draft IRMP which included proposals to make savings of £2.35M.

In light of consultation feedback, Councillors have decided not to proceed with £1.15m of service re-design options which would have resulted in fewer firefighters, fire engines and fire stations. Instead council tax will be increased so that we can continue to provide these front line services. We have reduced the amount we will save from Operational Support services from £1.2m over three years to £0.9m. The £0.3M released will be used instead to bolster emergency response cover and public safety education in rural areas, particularly focusing on road safety. This will allow us to achieve the improvements we need to make in rural safety, without having to reduce cover in our urban areas.

We would like to thank everyone who responded to the consultation and we want to provide assurance that we remain focused on providing an efficient and effective fire and rescue service that saves lives, protects property and the environment and safeguards the local economy.



Roy Harold
Chief Fire Officer



Paul Smyth
Chair of Communities Committee

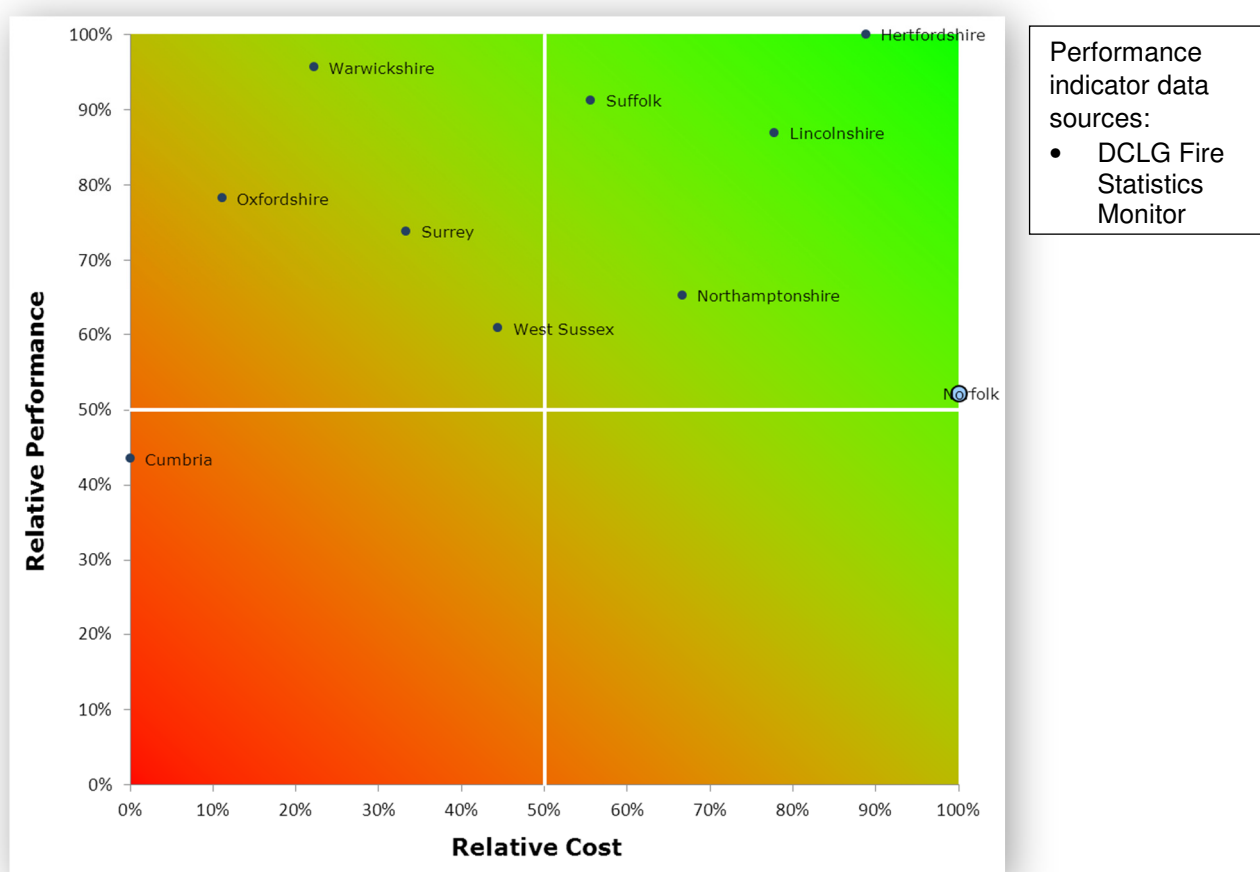
1.Introduction to Norfolk

Norfolk Fire and Rescue Service (NFRS)

We are a County Fire and Rescue Service, one of many services provided by Norfolk County Council. The County Council is the Fire and Rescue Authority for Norfolk providing governance over NFRS.

We are one of the lowest cost fire and rescue authorities in England at £30.43 per head of population (English average £38.58). Last year we dealt with 7,285 incidents where 749 people were rescued and there were 63 fatalities (2014/15).

The following chart shows that during 2014/15 Norfolk Fire and Rescue Service was a relatively well performing, low cost organisation. County Council run fire services are the lowest cost group amongst the 45 English fire services, and we are the lowest cost of them all.



Our Operational Service is made up of:

- 288 wholetime personnel and 520 retained duty system personnel
- 42 fire and rescue stations (see map on page 26)
- 53 pumping appliances (fire engines)
- A range of specialist vehicles

County Profile

According to the Rural Services Network, Norfolk is the second most rural county in England, only just behind Cornwall. Norfolk is the fifth largest of the 34 non-metropolitan counties in England (area of 537,085 hectares) and has the tenth lowest population density at 1.6 persons per hectare.

Norfolk has 90 miles of coast, 250 miles of waterways, 6,256 miles of roads and 541 parishes. There are over 287 conservation areas, 10,567 listed buildings and more than 430 scheduled ancient monuments. The Norfolk Broads cover 303 square kilometres of Norfolk and a small part of Suffolk, and have a population of around 6,400. Tourism is a major source of income (£2,677 million pa), and research by Tourism South East estimates in 2010 there were 3,968,000 staying trips and 27,274,000 day trips to Norfolk.

Norfolk has borders with Lincolnshire and Cambridgeshire to the west and southwest and Suffolk to the south. Its northern and eastern boundaries are the North Sea coast, including The Wash.

Norfolk is a two-tier authority with a County Council and seven City, Borough and District Councils.

The Integrated Risk Management Plan Process

The “Integrated Risk Management Plan” or IRMP sets out our long term strategy to manage the risks that Norfolk Fire and Rescue Service will need to respond to between now and 2020. National guidance states that through the IRMP Fire and Rescue Authorities must:

- Review all foreseeable risks that threaten its area
- Identify what roles it wants its fire and rescue service to take in managing those risks
- Fund it to undertake those roles as economically and effectively as it can
- Monitor, manage and report clearly and openly on how it is performing against the plan
- Consult with the public and other stakeholders on its proposals

Norfolk Fire and Rescue Service IRMP

The IRMP process has been our strategic planning tool since it was introduced by the government in 2004. The previous IRMP for 2014-17 can be found at <http://www.norfolkfireservice.gov.uk/nfrs/nfrs-business/publications/irmp-integrated-risk-management-plan-2014-17>.

This contains a detailed analysis of the existing and potential risks to the community in Norfolk and an evaluation of our effectiveness in dealing with them.

We have not repeated this information in this IRMP. Instead, this IRMP focuses on the changes since our last IRMP was published in January 2014, the challenges we now face and the opportunities for changes that we have now identified. The main change, and the reason we find ourselves needing a new IRMP, is that our budget continues to reduce and we need to re-evaluate how we manage our resources to best effect within diminishing finances.

The 2014-17 IRMP included two proposals that were publically consulted upon, as follows: 'Purchase different, cost-effective fire vehicles for some stations'; and 'Stop supplying and fitting free smoke detectors'. These proposals amounted to £1.105 million savings over three years.

In addition, efficiency savings amounting to £1.066 million were proposed, as follows:

- Improving the way we manage, buy, lease and fuel vehicles and equipment
- Reviewing management, staffing and accommodation arrangements
- Reducing training, subscriptions, events and other areas of spending that do not directly support services
- Working alongside partners to reduce duplication of costs, and to improve services

Throughout this document you can read about our achievements and performance since our last IRMP, including how we have delivered against these saving proposals.

Financial Pressures

The NFRS net budget for 2015/16 is £27.736 million. This can be broken down as follows: Gross Budget of £29.780 million; and Gross Income of £2.045 million.

The IRMP is set in the context of Norfolk County Council's projected budget shortfall of £111m over the three years 2016-17 to 2018-19. This represents a 16% reduction in the overall controllable spend of the County Council.

We start from a low funding base, after a decade of IRMP driven efficiency savings which have reduced our costs by more than a quarter when taking inflation into account. In the three year period 2011-14, we delivered budget cuts of £3.96 million (13%)

A total of £2.171 million of further savings were set for NFRS over the period of the 2014-17 IRMP, as follows:

- 2014/15 - £1.770 million
- 2015/16 - £0.074 million
- 2016/17 - £0.327 million

Since setting these targets, we have already had to make additional savings and seen government grants reduce beyond previous projections. In the context of the government's continuing deficit reduction programme, our existing IRMP will no longer deliver sufficient savings to meet the Council's legal requirement to set a balanced budget. We need a new plan.

The IRMP 2016-20 outlines how we will make £0.9m savings from our Fire and Rescue Service over three years and includes plans to redeploy resources to achieve best operational effect.

Achievements since our last IRMP

Outlined below are some of our key achievements over the past 12 months. Where these relate to previous IRMPs, this has been noted.

- **Enhanced cover for King's Lynn and the surrounding area** - we opened a new fire station at Kings Lynn South which became operational on 21 January 2015 (IRMP 2011 Action).
- **Greater flexibility in how we use our vehicles** - the Service bought ten new, larger fire appliances, and re-equipped another to provide additional environmental protection capability.
- **Reduced the amount of times we are called out to false alarms** – introducing a verification process to reduce the number of false alarms that we respond to, from automated fire alarms, has released resources to other areas of the service.
- **Income generation** - our Community Interest Company (CIC) 'Norfolk Safety' was launched to provide commercial training on fire prevention, safety and response.
- **Partnership working with other emergency services** - we have increased partnership working with Norfolk Constabulary, including sharing of some premises and training as well as co-location of information management teams. In collaboration with Suffolk Fire & Rescue Service and Norfolk & Suffolk Constabularies, we now jointly provide additional resources to manage hazardous materials and firearms incidents.
- **Smoke Alarm Provision** - Rather than stop fitting free smoke detectors we decided to look at alternative sources of funding so that we could continue this work. We hold a small stock of smoke detectors which we continue to provide to those most at risk of a fire in their homes as part of a home fire risk check. In addition, a welcome sponsorship arrangement with Rotary Norfolk will provide £11,500 for the provision of smoke detectors in urban centres and market towns covered by the local Rotary groups (IRMP 2014-17 Action)

Our recent track record demonstrates the good progress we have made to make both the communities of Norfolk and our firefighters safer. However, we continue to operate in a challenging and complex climate.

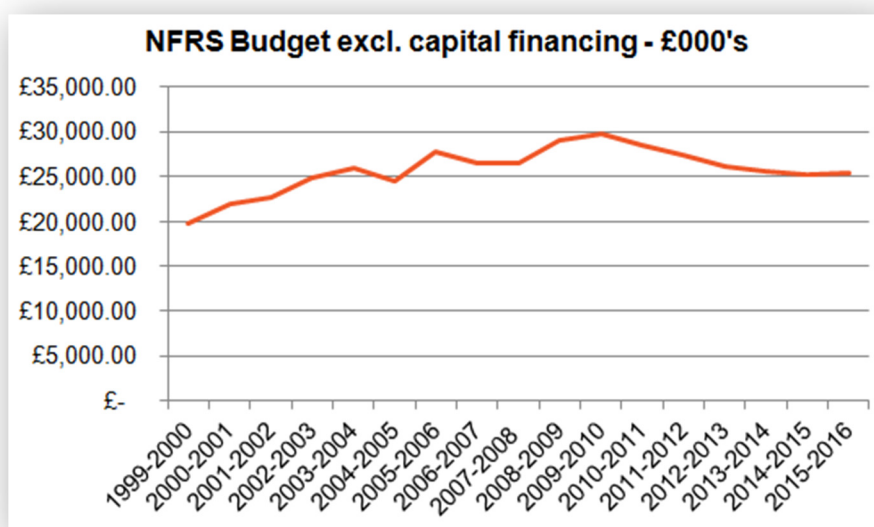
2.Strategic Challenges and the Risk Profile in Norfolk

Norfolk Fire and Rescue Service continues to operate in a complex and rapidly developing environment that requires regular reassessment of priorities and performance. The IRMP process requires that the context for service delivery is regularly reviewed with regard to risk management approaches and takes account of the strategic context and challenges when constructing proposals to manage local risks.

Strategic Challenges

Financial Pressures – Reductions in public sector funding continue and our main challenge for this IRMP is to provide a service for less money whilst making the best use of our resources to manage risks. For the next three years Norfolk County Council is predicting that the combination of increasing council costs, increased demand for services, inflation and a cut in Government funding will mean the Council will have a significant funding shortfall.

All council services, including NFRS, have looked at how further efficiencies and savings can be made. Norfolk Fire and Rescue Service is already one of the lowest cost fire and rescue services in the UK, experiencing a 25% reduction in effective real term spending over the last 10 years. Today we are funded at a level similar to that of 10 years ago.



Geographical Coverage – Covering 538,019 hectares and with one of the lowest population densities in England at 1.6 person per hectare, providing an equitable level of response service across Norfolk stretches resources. Whilst around a third of the county's population live in the urban areas of Norwich, Great Yarmouth and King's Lynn, 49% of the population live in areas defined as 'rural'. It can take us longer to reach rural locations and this has an impact on our ability to meet our emergency response standards.

Climate Change - Norfolk has 90 miles of coastline and 250 miles of inland waterways including the Broads National Park which are prone to flooding and coastal tidal surges. Norfolk also has large areas of agricultural grass land and forest. The UK climate is predicted to become warmer with hotter drier summers and milder wetter winters. The frequency of severe weather events will increase. Consequences for Norfolk include increased frequency of grassland and forest fires, water shortages impacting on both training and fire-fighting and increased frequency of flooding events especially in winter. It is important that where these changes can be addressed by additional training, fire engine capability, design or additional new equipment that these options are fully considered.

Increasing and Ageing Population – By 2020 the population of Norfolk is expected to have increased by 7% compared with 2012. Extra housing will be needed to accommodate these people and there are plans for 43,511 new homes by 2021. Norfolk already has one of the highest residencies of over 60 year olds in England but by 2020 around 25% will be aged 65 and over and there will be a 40% increase in those aged over 85. People who are elderly and/or of limited mobility are at higher risk of dying in a fire. We therefore need to continue trying to prevent accidental dwelling fires happening in the first place, as well as monitoring the effectiveness of resources in responding to incidents.

The Changing Role of the Fire and Rescue Service – The risks and incidents that fire and rescue services need to be prepared to deal with are changing. Prevention activity has reduced the number of fires that occur and we now find ourselves dealing with more special service incidents, particularly road traffic collisions. In addition, fire and rescue services nationally remain directly affected by continuing national security threats. The [National Risk Register](#) articulates these threats, which include, alongside terrorism, natural hazards, principal amongst which is the threat of coastal flooding. The changing role of the service and pressures on public service budgets is encouraging rescue services to work more closely together in collaboration to improve safety.

Firefighter Safety – Firefighter injuries and deaths across the UK over the last few years continue to show that firefighting is a dangerous profession. We also have an ageing workforce with the pensionable age of firefighters increased to 60. In making decisions about the future of the fire and rescue service, firefighter safety will always be one of our primary considerations.

Collaborative Working - Wider collaboration is an area we expect to become more prevalent in future years. Norfolk Fire and Rescue Service will, in the interest of effectiveness and efficiency, continue to identify and develop partnership opportunities that satisfy the following criteria:

- It must be legal
- It must be logical
- It should save money

The service already enjoys beneficial partnerships based on the criteria above that support community safety along with other areas of work. It is our intention to continue on a path of increasing cooperation, particularly with other blue-light services, through further sharing of stations, information, resources and operations. As an example, Police use our stations for training, and our Urban Search & Rescue team for specialist search work, whilst increasing numbers of fire service staff work from the Police Operational Command Centre in Wymondham.

Risk Profile

There are a number of factors that influence risk of an incident occurring in Norfolk, many of which cannot be directly controlled or easily mitigated by NFRS. Monitoring these factors and including them as part of our risk management; enables us to review our procedures and capability to respond. In particular we review:

- Which lifestyle types are most at risk in Norfolk
- Where the most at risk groups live and work in the County utilising Mosaic data (a computer database providing information on households for given postcodes)
- The number of house fires that have occurred among these groups, and where they have occurred and how we might have prevented the fires from occurring
- Whether we have completed Home Fire Risk Checks in homes occupied by people in these groups and whether the advice and guidance was followed
- Partnerships to improve contact with other at risk groups such as the less mobile
- Road casualties, working with the Norfolk Road Casualty Reduction Partnership
- How well we use our resources to respond to emergencies when they do occur

Incidents

The Fire and Rescue Service attends a wide range of incidents, including: fires, building collapses, rescues from water and road traffic collisions (RTCs).

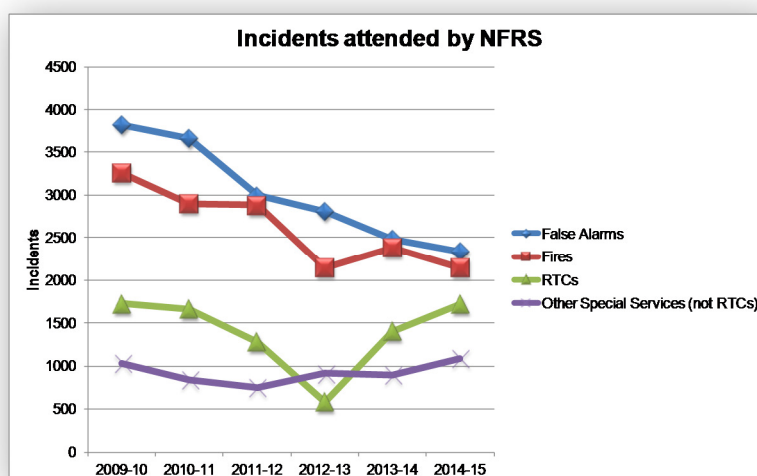
The list below shows the typical emergency incident types we may attend:

Typical Incident Types:	
Fighting Fires	Rescues
<ul style="list-style-type: none"> • In domestic buildings • Commercial and industrial buildings • In high rise buildings • In chimneys • In rural areas • In farms • In refuse • In public entertainment venues • In secure accommodation • In petrochemical installations • Involving pipelines 	<ul style="list-style-type: none"> • From ice/unstable ground • From lifts and escalators • From sewers • From silos • From trenches/pits • From collapsed structures • From height • Involving flooding and waterways • Of animals
Incidents involving transport systems	Generic incidents involving
<ul style="list-style-type: none"> • Road <ul style="list-style-type: none"> – Minor road traffic collision – Major road traffic collision • Rail – passenger or commercial • Air – commercial, passenger, light aircraft, military • Marine – inland and coastal 	<ul style="list-style-type: none"> • High voltage electricity • Acetylene and other compressed gases • Chemicals and other hazardous materials • Biological hazards • Confined spaces • Civil disturbances • Terrorist Activity • Explosives • Natural occurrences – flooding, lightning strikes • Specialist search and rescue/recovery operations

Over time, the type of emergency that the Service has responded to has changed. The number of fires is falling and more of the day to day work carried out by the Service is taken up with responding to crashes or collisions on Norfolk's roads.

In 2014-15 NFRS attended 7,285 incidents where 749 people were rescued. The graph below shows how the role of the fire and rescue service in Norfolk is changing with the service

attending more RTCs and special service incidents (39% of all incidents). Fires accounted for 29% of all incidents attended and false alarms 32% in 2014-15.



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
AFA	2664	2589	2003	1891	1559	1455
False alarms good intent	1070	982	893	851	873	838
Hoax Calls	88	96	98	64	51	40
Total False Alarms	3822	3667	2994	2806	2483	2333
Significant fires (Primary Fires)	1567	1471	1471	1210	1259	1267
Small fires (Secondary & Chimney Fires)	1689	1424	1412	940	1125	876
Total Fires	3256	2895	2883	2150	2384	2143
Special Services (Other)	1033	844	750	915	895	1086
Special Services (RTC)	1725	1662	1284	580	1407	1723
Total Special Services	2758	2506	2034	1495	2302	2809
Total Incidents Attended	9836	9068	7911	6451	7169	7285

* **Note:** NFRS attended fewer RTC incidents between November 2011 – July 2013 when the East of England Ambulance Service (EEAS) disabled their auto paging system.

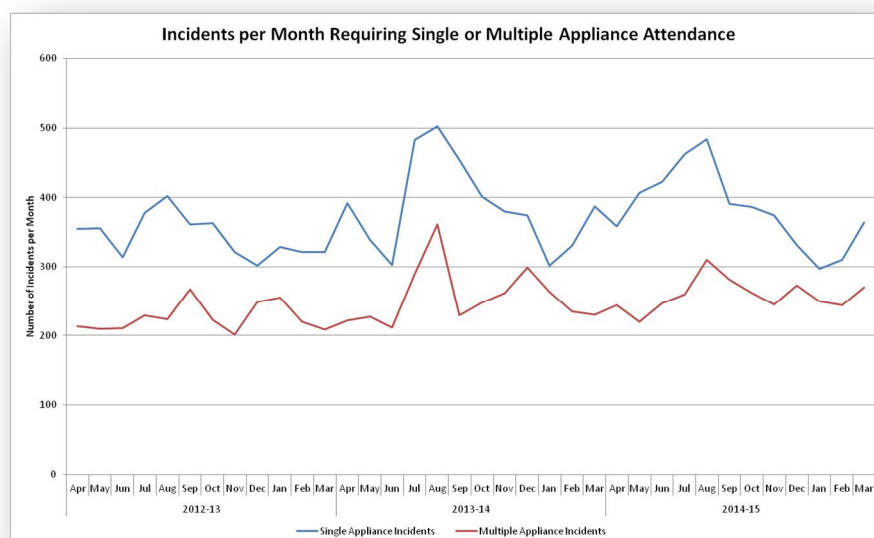
Emergency Incident Profile

A key element of our analysis is the ability to understand where and when calls occur in Norfolk and to examine if our resources are best placed to give the quickest response to incidents wherever they happen. Looking at the spread of calls geographically using a variety of mapping tools allows a clear picture of activity spread across Norfolk to emerge.

Building fires occur predominantly in urban areas whereas RTCs, particularly larger incidents, occur more frequently away from urban areas. This difference requires greater travel distances for attending fire engines and therefore increases the time taken to arrive. This is reflected in our performance in meeting the response standard for these incident types.

Our current [IRMP 2014-17](#) describes the spread of our emergency incidents further.

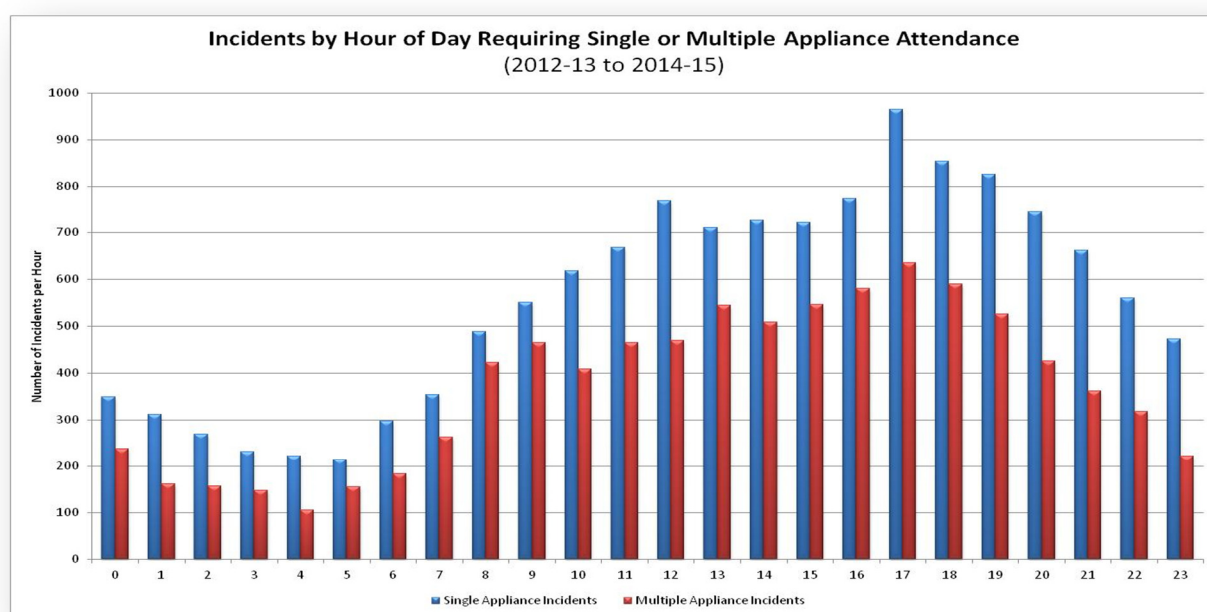
The annual call profile for Norfolk over the last three financial years is shown below across the months of the year for one fire engine and multiple fire engine calls.



Historical demand trends across Norfolk are shown and highlight the seasonal trend with higher activity levels during the summer months due to the increase in field, forest and other land fires. This is noticeable for the summers of 2013 and 2014 when activity levels to these types of incidents in July and August were 152% and 17% higher than 2012 (204 and 23 more incidents than 2012).

These spikes in activity are referred to as spate conditions and can happen on a countywide scale where extreme weather events occur resulting in flash flooding or localised field and forest fires.

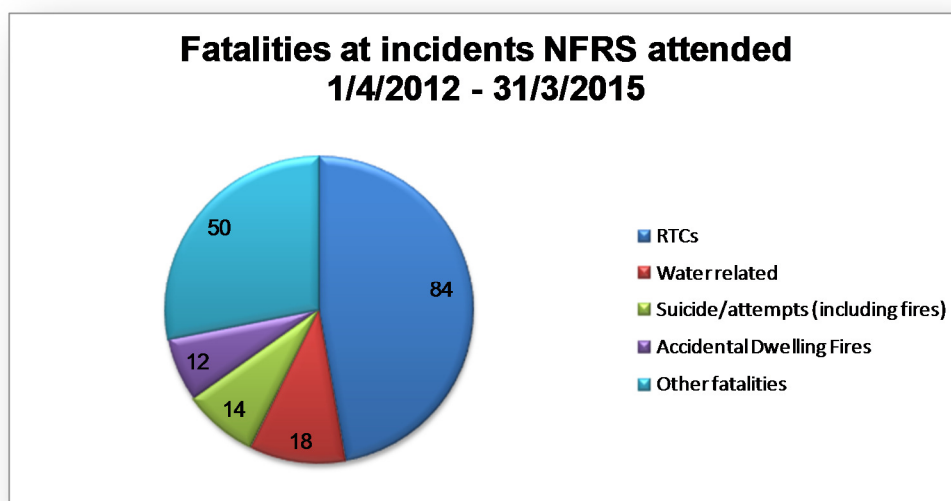
Looking at when calls occur during an average day shows the response activity profile for Norfolk as greatest during the late day and evening period and shows least calls occurring during the early hours of the morning. This shows call levels linked to activity levels in the community particularly relating to travelling to and from work, being at work and cooking activities during the evening. As can be seen in the graph a large number of calls (67%) occur between the hours of 08:00 and 20:00.



Risk of Death or Injury

Fatalities

During the last three financial years (1st April 2012 - 31st March 2015), there have been 178 fatalities at incidents NFRS have attended. 47% of these were at RTCs. There have been 25 fatalities at fire incidents NFRS have attended. Of these, 12 fatalities were due to accidental fires in the home.

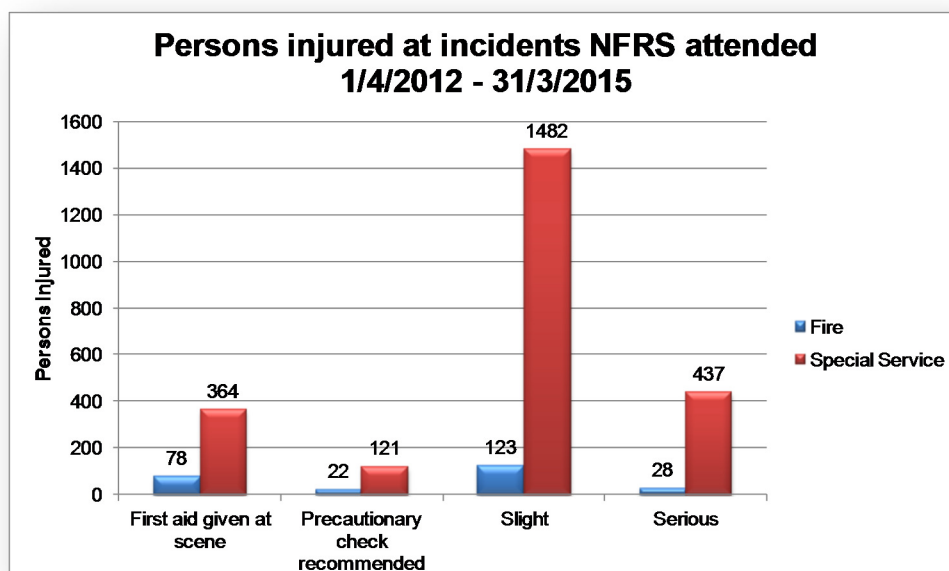


Note: 'Other fatalities' includes deliberate fires, road vehicle fires, release of persons, transport incidents and assisting other agencies.

Injuries

During the last three financial years (1st April 2012 - 31st March 2015), there have been 2655 persons injured at incidents NFRS have attended.

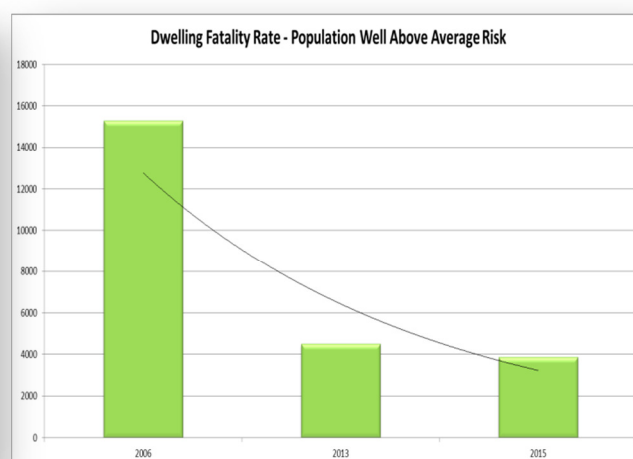
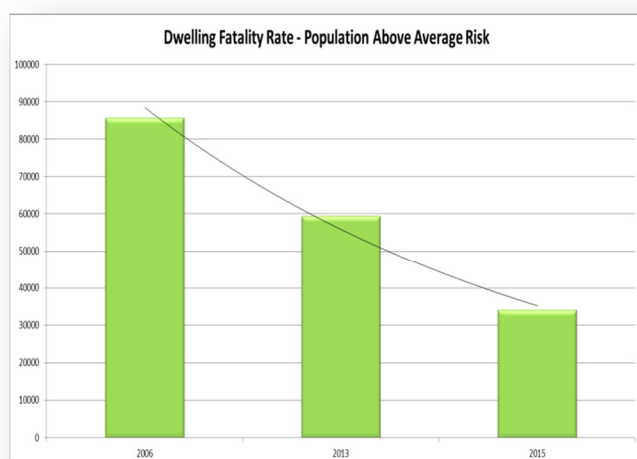
Severity of the injury ranges from first aid given at the scene, precautionary checks recommended, through to slight and serious injuries.



Risk of Death and Injury in Fires

The chance of dying in a dwelling fire in Norfolk has dropped significantly (see graphs below), and there has been a 56% reduction in fire related injuries between 2001/02 and 2013/14.

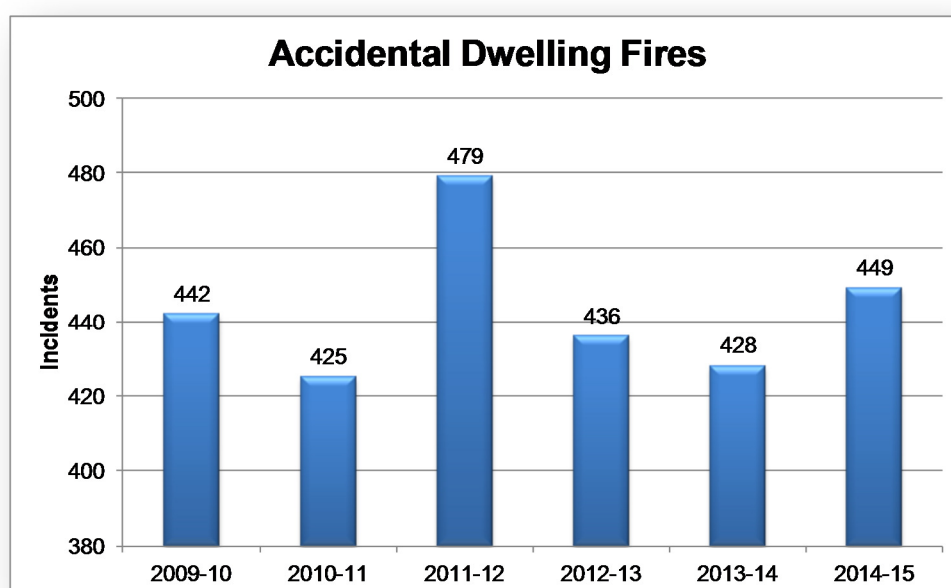
Your fire safety has improved massively in the last decade thanks to local interventions and a sustained national prevention campaign by fire services.

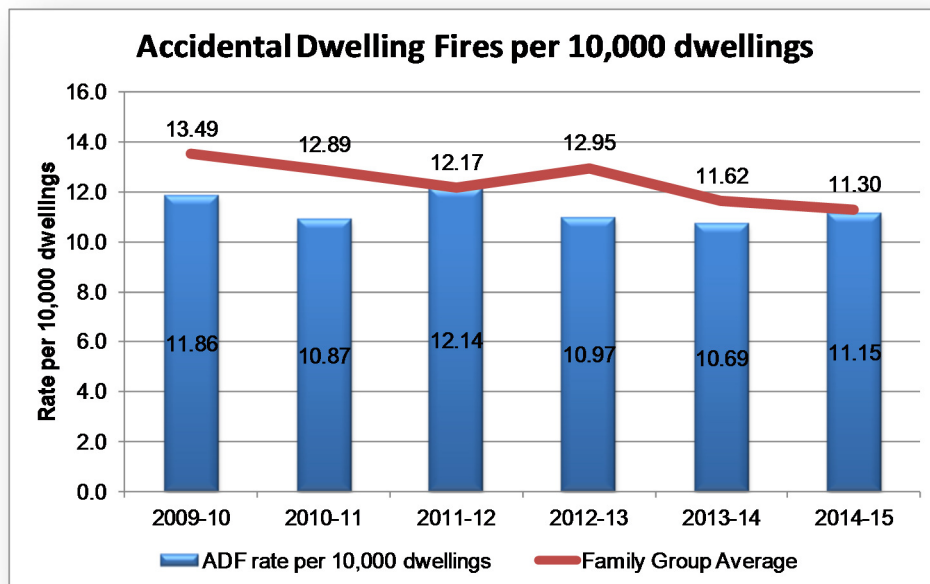


Accidental Dwelling Fires

Of the 1,267 primary fires in Norfolk last year, 449 were accidental dwelling fires which present the greatest risk of dying in a fire. Between 2 and 9 deaths have been recorded in Norfolk in each of the last 13 years. 45.1% of dwelling fires were in premises occupied by lone persons, with a high number being over pensionable age. The cause of over 60% of fires in dwellings is associated with cooking i.e. cooker, oven, hob or ring. The majority of people sustaining injuries in dwelling fires are in the 20-40 age range. This is due to younger people attempting to extinguish fire rather than leaving the house and calling the fire and rescue service.

However, the majority of fatalities are amongst the elderly, who are less able to survive burns and smoke inhalation. Our community safety strategy is designed to target these vulnerable groups. You can read more about this in the section on 'Prevention'.

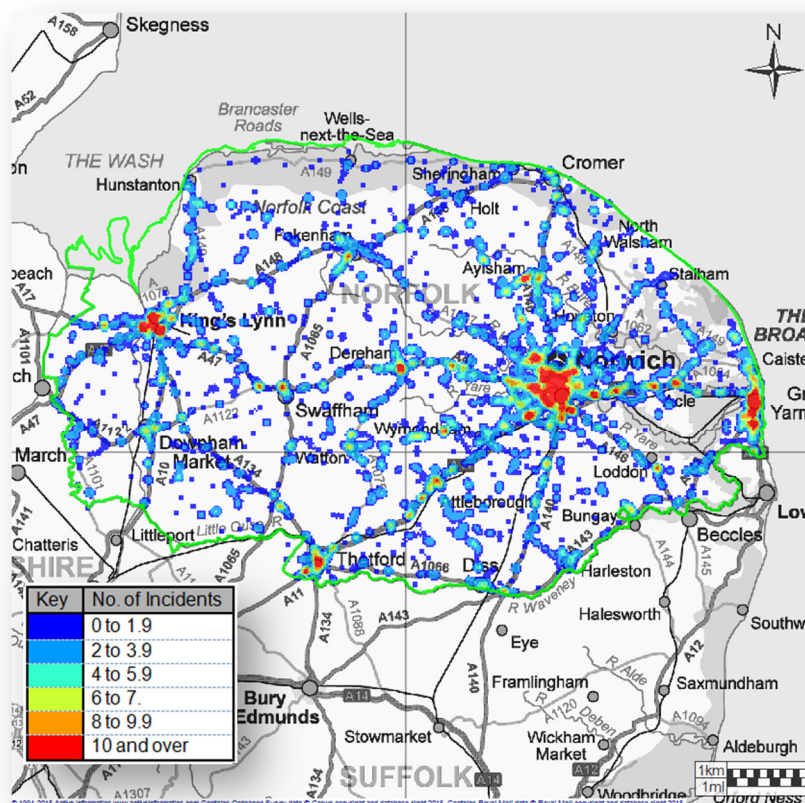




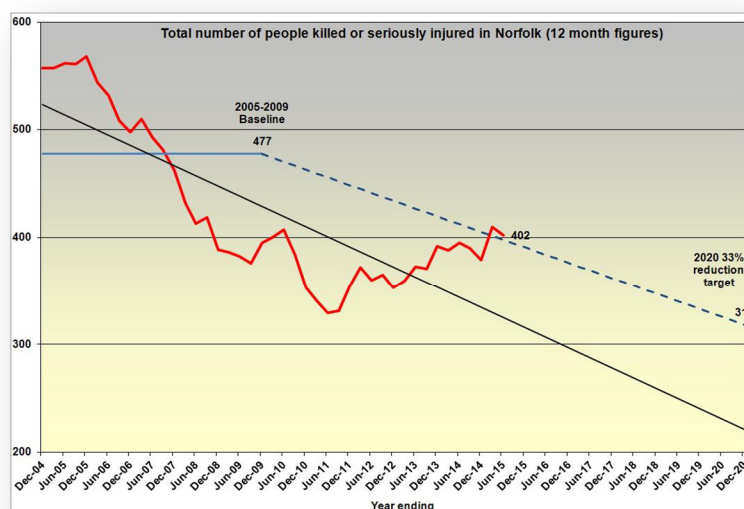
Road Traffic Collisions (RTCs)

The risk of dying on the roads is currently on an upward trend. Norfolk had witnessed a reduction in the number of people killed and seriously injured on Norfolk's roads but unfortunately this trend has been reversing since 2012 which is an area of concern.

The map below shows hotspots (red areas indicating the greatest activity) of the 3710 RTCs attended between 1 April 2012 – 31 March 2015, 677 of which required extrications, 2876 where other services were required (such as making vehicles safe) and 157 where our attendance was requested but no services were required.



We are an active member of the Norfolk Road Casualty Reduction Partnership, which aims to reduce the number of persons killed or seriously injured (KSI) on the county's roads.



Summary

In developing this IRMP we have reviewed a wide range of data and evidence to inform our decision making. Our challenge is how we continue to provide a fire and rescue service in a large rural county with reduced resources. In planning for the future we must take account the changing demands placed on the service with less calls for us to attend fires, but an increasing need for us to respond to road traffic collisions and other special service incidents such as flooding. With this comes the need to work more closely with other organisations. In addition, the workload of our stations and availability of our retained firefighter resources varies across the county and this IRMP is about reviewing how we align our limited resources to where need and risk is greatest. Detail of workload and availability can be found on page 28.

3. Our Strategic Vision and Service Priorities

The Fire and Rescue service is overseen by the Communities Committee of the County Council. In response to the increasing financial challenges we face, Councillors on the Communities Committee formed a Member Working Group to carry out a fundamental review of the role and purpose of NFRS. They proposed a strategic vision for NFRS in 2020, with the IRMP providing a clear roadmap to that destination. Following public consultation the vision was refined and shortened before being adopted by the County Council at its meeting on 22 February 2016.

Strategic Vision

In 2020, Norfolk Fire and Rescue Service will be at the heart of community protection for Norfolk.

Its focus will be on saving lives, protecting property and the environment and safeguarding the local economy. Norfolk Fire and Rescue Service will deliver an all hazard emergency response service as well as providing public safety education to prevent emergencies and legal enforcement to reduce community risks.

We will collaborate with other emergency services and partners to find better ways to keep Norfolk safe. We will play a leading role in the multi-agency management of emergency incidents. Operational delivery will be joined up seamlessly with the partners we work with on the ground.

Our contribution to sustainable economic development and the health and well-being of Norfolk will be recognised and valued.

Our people will be respected as professional, able to operate independently, competently, and flexibly to deliver the right result, in the right place, at the right time, every time.

We will be trusted by the people of Norfolk to be there when they need us and to deliver for them.

The 2020 Strategic Vision has been developed from a strong analytical evidence base and forms the foundation of the IRMP.

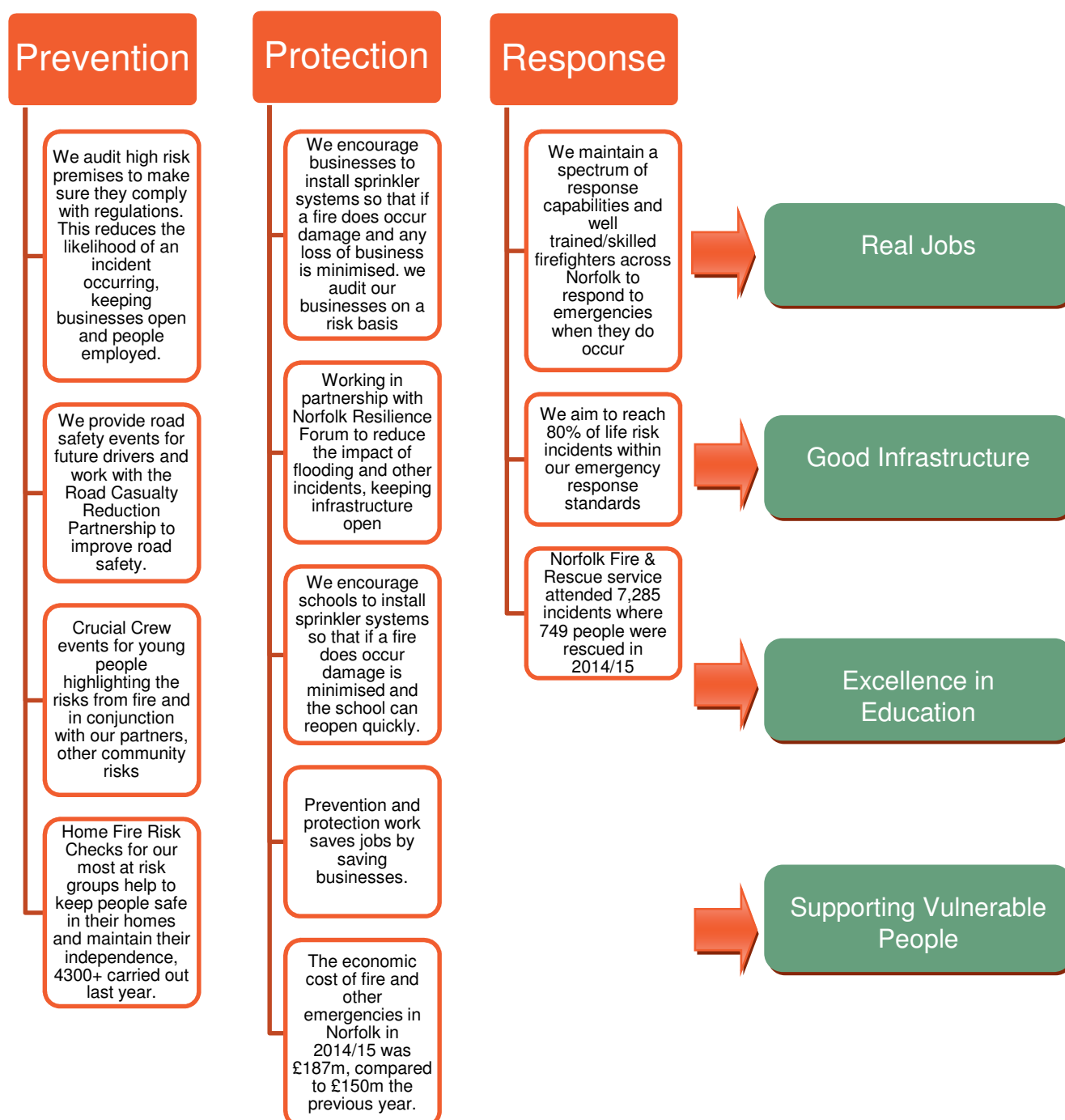
As a council-based service, the NFRS 2020 Strategic Vision is aligned with the Norfolk County Council's four key priorities of:

- **Real Jobs** - we will promote employment that offers security, opportunities and a good level of pay. We want real, sustainable jobs available throughout Norfolk.
- **Good Infrastructure** - we will make Norfolk a place where businesses can succeed and grow. We will promote improvements to our transport and technology infrastructure to make Norfolk a great place to do business.
- **Excellence in Education** - we will champion our children and young people's right to an excellent education, training and preparation for employment because we believe they have the talents and ability to compete with the best.
- **Supporting Vulnerable People** - we will work to improve and safeguard the quality of life for all the people of Norfolk and particularly Norfolk's most vulnerable people.

The NFRS 2020 Strategic Vision is to be delivered through three key areas of activity:

- **Prevention** - prevent fires and other emergencies happening through data analysis and planning to reach those most at risk in our communities
- **Protection** - reduce the impact of fires and other emergencies through advice, guidance and enforcement, particularly with regard to safety of people whilst they are at work and play
- **Response** - respond effectively, efficiently and appropriately to calls for assistance

The diagram on the following page demonstrates how activity in these three priority areas is helping to deliver NCC's four key priorities.



Through the day-to-day provision of services to the people of Norfolk, either as an emergency or as part of prevention and protection, NFRS maintains its focus on saving lives, rendering humanitarian assistance, protecting property and the environment and safeguarding the local economy.

Prevention Objective:

To Prevent Fires and Other Emergencies Happening

Norfolk Fire and Rescue Service is committed to keeping people safe by preventing fires and other emergencies. The service recognises the savings that can be made by stopping emergencies from happening in the first place and then, where they do occur, reducing the impact that they have upon people and property. We always look to deliver our objectives in an efficient and effective manner; and as such any reduction in resources will require a remodelling of our current way of working. This may include expanding our collaborative partnerships

Priorities

- Safer Homes - to reduce the rate of in the home and improve safety for at high risk from fire
- Safer Roads - use road traffic collision reduction events to support partners in improving road safety
- Safer Communities - use arson reduction events to reduce the number and impact of deliberately started fires
- Volunteers - to establish a network of volunteers to support our education and prevention objectives
- Working with partners - to improve the safety of vulnerable people and enabling them to remain in their homes including Mental Health, Social Care, Public Health and the Police



fires
those

Performance since the last IRMP

- 448 accidental fires in the home
- 4364 home fire risk checks delivered to vulnerable people in their homes
- Arson (deliberate fires) shows a reduction of 14% in 2014/15 compared with 2013/14
- The number of killed and seriously injured on Norfolk's roads has been increasing since 2012
- 30 Community Safety volunteers recruited
- 40+ Volunteers from a range of partners including the Rotary Club
- 5091 children attended Crucial Crew- a multi-agency event delivering interactive safety education to school children including fire safety, crime and disorder reduction, electrical safety, water safety, basic first aid and farm safety

Our Key Activities

Safer Homes

We work with partners including Mental Health, Adult Social Care, Police, Age UK and Public Health to identify vulnerable people and receive referrals for those most vulnerable. We also use risk intelligence information to target those most at risk and are continually improving how we target community safety activities.

The most vulnerable people are identified through partner agencies such as NCC's Community Services (Adult Care), Homeshield and community care schemes staffed by volunteers. When a vulnerable person is identified we offer a free Home Fire Risk Checks (HFRC) where we assess the risks in their home and give them safety advice and guidance, for people who are at higher risk we carry out a multi-agency visit to assess how we can work together to improve the safety of the person and enable them to live independently.

Safer Roads

We are active partners in the Norfolk Road Casualty Reduction Partnership and promote this through a range of methods including road casualty reduction events aimed at young drivers; young driver education, volunteers and Prince's Trust teams; support and participation in the TREAD initiatives many of which are run at fire stations with fire service personnel, promotion and support for local and national road safety campaigns

Safer Communities

We will continue to work to reduce the number and severity of arson and deliberate fires by closer working with partners, including Norfolk Constabulary and other council departments. Our activities will take two forms: arson prevention and arson response. Our approach to arson prevention will be through arson audits and working with people and businesses identified as being vulnerable to arson, and also the education of children and young people. Our response to arson will continue to take the form of fire investigation and multi-agency working to reduce further risks of arson, to encourage the modification of behaviour of people who set fires. This will be done through our successful Firesetter educator scheme and an active involvement in restorative justice. We will continue to work closely with the Police to identify people who commit arson and to support the prosecution of these individuals where appropriate.

Volunteers

We currently have 30 volunteers who assist the service in a variety of ways including helping at Crucial Crew events, delivering fire safety education, carrying out home fire risk checks and supporting youth development activities. We will increase the number of volunteers and the support structure for them and improve the focus of these volunteers onto the areas that will most effectively support our prevention objectives.

Protection Objective: To Reduce the Impact of Fires and Other Emergencies

Norfolk Fire and Rescue Service is the enforcing authority for general fire precautions in Norfolk, delivering a multi-faceted regulatory service to ensure Norfolk's businesses are compliant with the law. Our activities focus on businesses with the greatest potential life risk and sites where fire risk is more likely. The function also supports other statutory duty holders by ensuring the new and developing built environment is safer by design; protecting those at work and those in care of others from the potential threat of fire. We always look to deliver our objectives in an efficient and effective manner; and as such any reduction in resources will require a remodelling of our current way of working. This may include expanding our collaborative partnerships

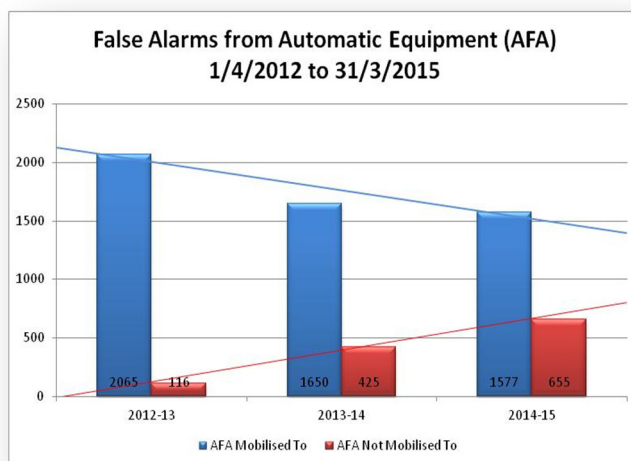
Priorities

- Safer premises - reduce the risk and impact of fires in non-domestic premises.
- Safer housing - supporting Local Authorities in enforcing fire safety standards in homes in multiple occupation other commercial housing
- Fewer false alarm calls - reduce the volume of false alarm calls to domestic and non-domestic premises

Performance since the last IRMP

In 2014 we were independently reviewed and demonstrated that we had a good balance between assisting and enforcing with businesses.

- We have continued to integrate regulatory risk intelligence to support the safety of our firefighters
- We have been well regarded with our partners, and have been noted to have made effective use with a relatively small protection function
- Our Automatic Fire Alarm Policy has continued to deliver a proportionate reduction in the number of false alarms we have attended, allowing our fire-fighters to be more available for real emergencies
- Our fire investigation team continues to support our fire intelligence systems and police colleagues in the detection of fire related crime, and conviction of those responsible for fire crime



Our Key Activities

- We deliver a risk based audit regime that focuses on the most vulnerable and higher risk businesses
- We provide information to businesses on how to comply with the law and stay compliant
- We engage with our partners and stakeholders in the delivery of our protection activities to build safer buildings for the future
- We continually seek to improve our systems to enable us to work more effectively within our service and support other regulators that need our support or assistance
- In 2014/15 we aimed to audit 1000 premises. A total of 940 audits were carried out. 202 (21%) of these had an unsatisfactory outcome – 197 were issued with Informal Notices and five with Enforcement Notices

Response Objective: To Respond Efficiently and Effectively to Calls for Assistance

Fire and rescue authorities need to decide in consultation with their communities how and where to deploy their resources and improve their ability to respond to the range of risks set out in their IRMPs. We have examined the profile of our incidents in terms of where they occur in the county, the type of emergency incidents we attend and the demand these incidents place on our fire stations, engines and crews (see section on Risk Profile). The aim is to identify how to continue delivering the service and responding to emergencies across the county with a smaller budget. This has shown that we need to make changes to improve the service we provide in rural areas, both for emergency response and for public safety education.

Priorities

- Operational Assurance - ensure stations are well prepared to respond to emergency incidents
- Operational Availability - improve the availability of retained crews and response performance of all fire engines
- Operational Risk - reduce the risks when attending emergency incidents
- Civil Contingencies - ensure we are well prepared for major incidents

Performance since the last IRMP

- During the financial year 2014/15:
 - We missed our Emergency Response Standards (ERS) target for life risk incidents of 80% by 1.3% meeting them on 78.7% of occasions
 - Retained fire engines were available 81.4% (excluding 2nd fire engines at two fire engine RDS stations) of the time against a target of 90%
 - We responded to 7,285 incidents (an average of 20 incidents per day). Of these incidents 19.97% were automated fire alarms, 17.39% were primary fires* and 23.65% were road traffic collisions (RTCs)
- To improve our operational response we opened a new fire station in Kings Lynn called Kings Lynn South in January 2015. This now gives us a response from both sides of the town and good access to the A47, A17 and A10 road links



* A "primary fire" is a fire involving either an item of value, a fire incident requiring five or more fire engines or a fire where there has been an injury or fatality

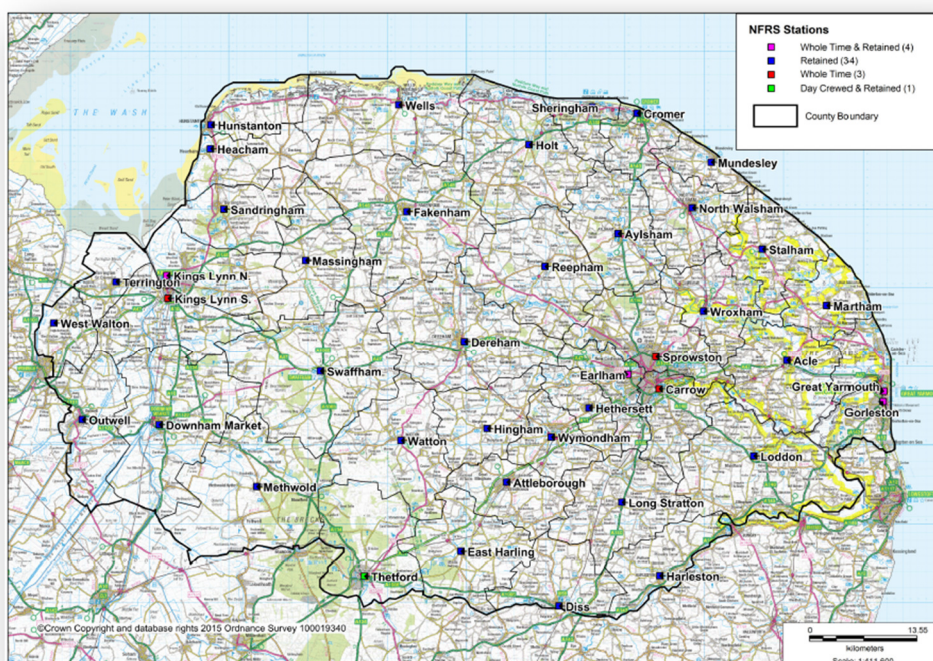
- Our specialist search capability has been enhanced with the introduction of a specially trained cadaver search dog to our already established search dog team, to detect dead bodies including those under the water
- We have started work on a new training facility on the previous RAF base at Coltishall. Planning permission has been granted for a new live fire training unit which is due to open in 2016. This facility will improve our current training for the most hazardous area of work for our crews
- We are undertaking an Operational Improvement Programme looking at how we can ensure the capacity of our people, the capabilities of our operational fleet and equipment are best utilised to respond to operational emergencies
- We continue to support the East Coast and Hertfordshire Control Consortium which will see Norfolk, Hertfordshire, Lincolnshire and Humberside Fire and Rescue Control facilities link together to provide resilience
- We are partnering with our Police colleagues in a range of activities including co-locating our Integrated Risk Management Team in the Police Operations and Communications Centre. New work streams under this partnership are being explored but must be legal, logical and provide savings/benefits
- We have added a new capability that is able to support Police and ambulance staff in the event of a terrorist incident

Our Key Activities

There are three main elements to how we effectively respond to incidents- our operational arrangements/resources, our capability to respond to various incident types, and how quickly we respond (emergency response standards). Each of these are explored in the following sections.

Current Operational Arrangements

The following map of Norfolk shows where our fire stations are located and the crewing arrangements employed there.



Firefighters work in teams. In Norfolk we aim to ride with at least 5 firefighters on each fire engine, although we allow 4 firefighters to ride a fire engine as a minimum crew, if they are all that are available. To ensure that a safe system of work can be established the number of firefighters and the number and type of fire engines that attend an incident type is pre-determined. This attendance can be scaled up or down at the incident commanders' discretion or by control room operators based on the information they receive.

Wholetime Duty System

Wholetime Duty System (WDS) firefighters work two days (09:00 – 18:00) then two nights (18:00 – 09:00) followed by four days off. This system requires four shifts known as watches to provide guaranteed fire cover 24/7 with an average turnout time of 1 minute and 14 seconds. The service has this arrangement at the following stations:

- Kings Lynn North & South – 2 fire engines (9 personnel on duty each shift across the two stations)
- Great Yarmouth & Gorleston – 2 fire engines (9 personnel on duty each shift across the two stations)
- Carrow – 1 fire engine (5 personnel on duty each shift)
- North Earlham – 1 fire engine (5 personnel on duty each shift)
- Sprowston – 1 fire engine (5 personnel on duty each shift)

The work routine for WDS crews includes areas such as training, premise familiarisation, equipment checks and community safety. At present NFRS fits, free of charge, Domestic Smoke Detectors (DSDs) to premises where vulnerable people live.

Day Duty System

NFRS has one fire station (Thetford) that is staffed by firefighters on a Day Duty System (DDS) between the hours of 08:00 - 17:30 Monday –Thursday and 08:00 – 16:00 on Fridays. There is also RDS (see below) cover at Thetford to support the DDS staff and to provide the sole cover at night and at weekends.

At Dereham, the Urban Search and Rescue (USAR) team have two watches, each working four 12 hour shifts followed by four days off, to provide 12 hour cover 7 days a week. Currently, if the RDS crew at Dereham do not have sufficient firefighters available, the USAR team augment the crew to keep the fire engines on the run, if they are themselves available.

Retained Duty System

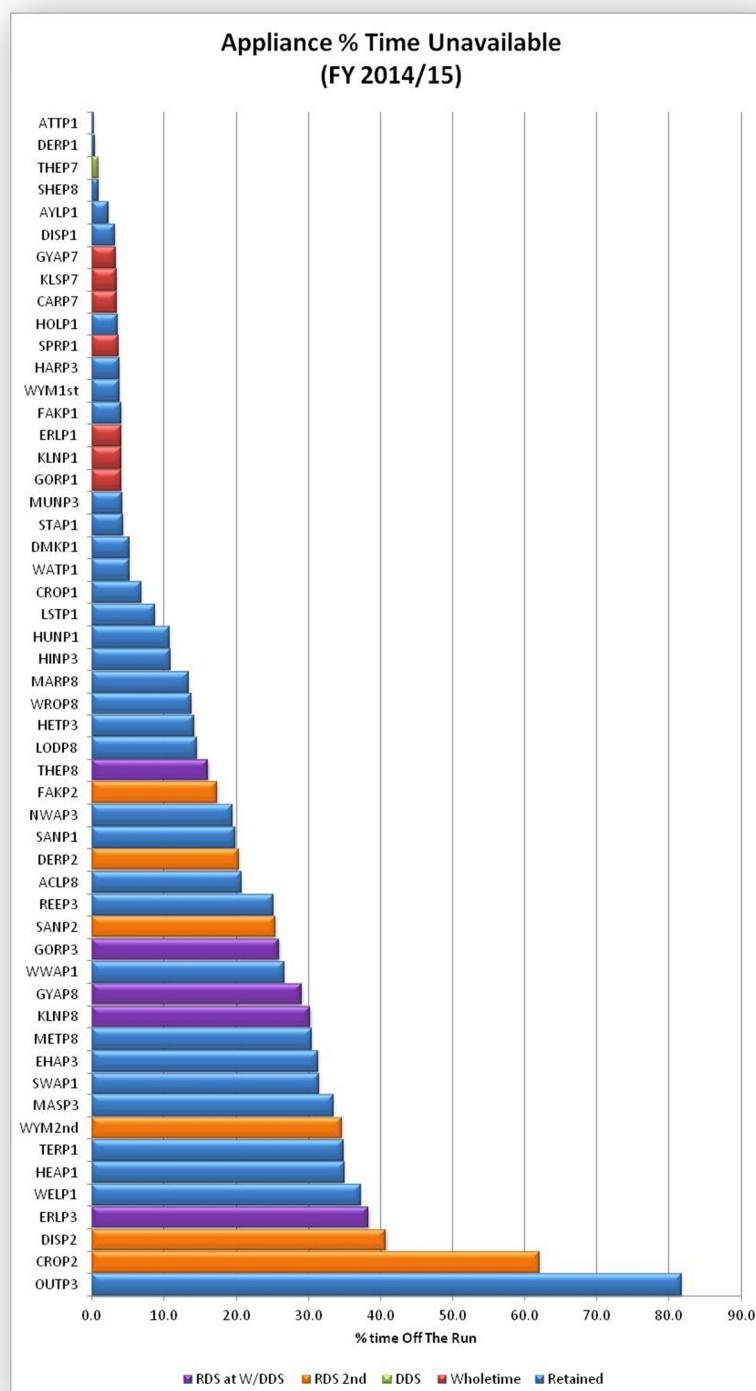
Firefighters employed on the Retained Duty System (RDS) provide on call cover as and when they can, they are paid a yearly retainer fee and then on a pay as you go basis where they are paid for each call that they respond to. RDS cover varies from station to station, hour to hour, as these firefighters combine their on call commitments with their primary employment and personal lives. At times a number of RDS stations are unavailable and predicting the availability of an RDS fire engine is particularly challenging.

RDS stations have a longer turnout time, on average 5 minutes and 48 seconds, due to the fact that the firefighters are not at the station when they receive their call out. The emergency fire cover provided in Norfolk is predominately RDS and relies on the staff commitment to provide cover, ideally 24/7. However this cover is not guaranteed due to a number of reasons, not least that employment has moved from the towns and villages to the more urban areas making it harder for NFRS to recruit for daytime cover. Therefore, whilst we aim for 90% availability RDS cover cannot be guaranteed and it was 81.4% (excluding 2nd fire engines at two fire engine RDS stations) during the financial year 2014/15.

There are 39 RDS stations in Norfolk and six of them have two fire engines. These are Cromer, Dereham, Diss, Fakenham, Sandringham and Wymondham.

Fire Engine Availability

For a number of reasons there are periods of time when our fire engines may be unavailable to attend emergency incidents. This may be due to a crew being unavailable or where the fire engine has developed a defect or requires maintenance.



Analysis shows that fire engine availability varies by duty system as follows:

- All 7 WDS fire engines combined – 96.3% available
- Thetford's DDS fire engine – 99.1% available
- All 45 RDS fire engines combined – 79.9% available

It is important to identify those stations where the fire engine is unavailable for periods of time and the analysis has shown that there is a significant range in the unavailability of RDS fire engines in particular.

We have significant levels of unavailability among our two fire engine RDS stations as well as a number of single fire engine stations across Norfolk.

This analysis shows that Attleborough were available for the most amount of time at 99.7% of the time, down to Outwell who were only available 18.3% (see graph on previous page).

There are many factors which affect the ability of RDS firefighters to be available for calls including willingness of local employers to release them to attend a call, availability of employment close to the fire station, personal time available to support the fire service and a willingness to provide substantial out of hours cover as well as full time primary employment. These issues are experienced across the UK with regard to RDS and present real challenges to the day to day availability of rural fire engines to attend emergency incidents.

Fire Engine Workload

Stations with RDS staff tend to be located in Norfolk's more rural areas where demand is lower than the urban areas. RDS staff usually have primary employment within their local communities and only respond to crew fire engines at these stations if available to do so. Urban areas generate more emergency calls due to the numbers of people, businesses and infrastructure and therefore our WDS stations and DDS station are located in these areas. Some of these stations also have an RDS fire engine to answer emergency calls when the WDS/DDS are already committed.

This means that stations and individual fire engines respond to differing amounts of emergencies each year and it is important to examine these workloads to ensure the appropriate crewing model is used for our resources to meet the numbers of calls that occur.

This analysis of station and fire engine workload shows that:

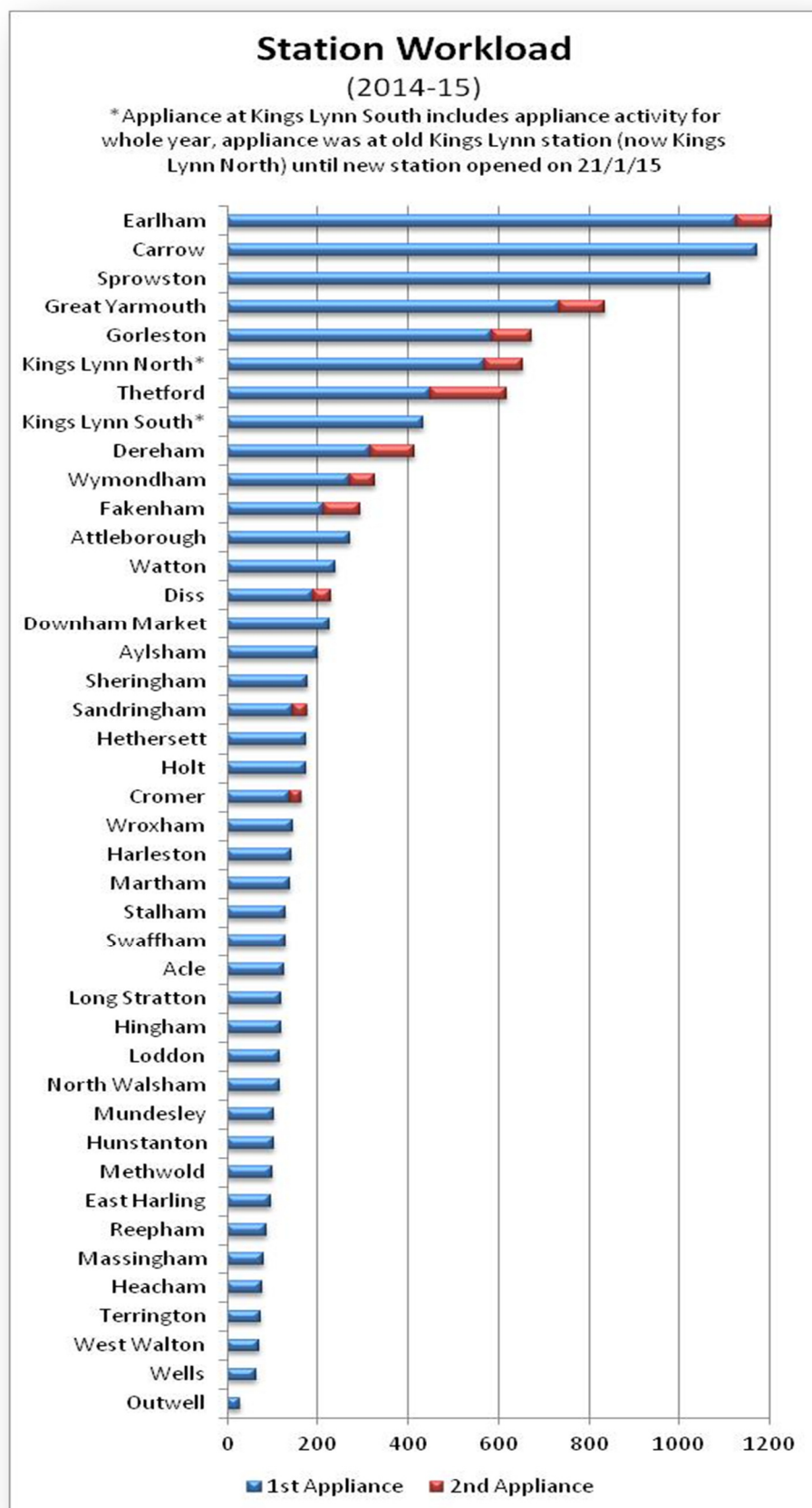
- Average WDS fire engine workload was 826 mobilisations during 2014/15, with Carrow being the busiest with 1155 mobilisations
- Average RDS fire engine workload was 135 mobilisations during 2014/15, ranging from 27 at Cromer (second RDS fire engine) to 330 at Dereham (first RDS fire engine)

More detailed analysis is shown in the graph on the next page which shows the wide variation in workloads for fire stations in Norfolk.

Station Workload

This shows our urban area stations as having the most calls with Carrow having the greatest workload for a single fire engine in Norfolk for this period.

Analysis also shows how often, and in which areas, fire engines are being mobilised to including where activity is in support of calls in the areas covered by neighbouring stations.



Capabilities

At present NFRS has one of the most comprehensive operational capabilities of any Fire and Rescue Service in England. Our capabilities enable NFRS to provide a response to the identified risks within Norfolk, and to also participate fully in national emergency management. As well as firefighting and road traffic collision work, we have national resilience capabilities for flood rescue, urban search and rescue, underwater search and recovery, high volume pumping, decontamination and counter terrorism. All of these national capabilities are funded from additional grant funding from government, over and above the money we receive from Council Tax and Business rates paid by local residents of Norfolk. We have identified two areas where we need to review our capability - hazardous materials and environmental protection, and flooding. You can read more about this in the following sections.

Hazardous Materials and Environmental Protection

Fire and Rescue Services have a range of duties placed on them by several different pieces of legislation in relation to the protection of lives, property, and the environment from the damaging effects of hazardous materials. We share this duty with other organisations, in particular the Environment Agency (EA) and new [national operational guidance](#) has recently been produced jointly by the EA and the Chief Fire Officers Association. We need to test our existing arrangements against the new guidance to ensure that we are providing the best response we can to hazardous materials and environmental protection incidents.

Currently every fire engine in Norfolk carries chemical protection suits and environmental protection packs. We have two larger Environmental Protection Units in Norwich and King's Lynn which, like the packs on fire engines, have been funded by the Environment Agency. These two units also carry a range of portable laboratory equipment, to identify and monitor chemicals. We also operate a Mass Decontamination Unit on behalf of the government, for use if large numbers of people need to be decontaminated after a chemical incident.

To provide specialist knowledge and advice, we maintain a pool of specially trained 'Hazardous Materials & Environmental Protection Officers'. These 'HMEPOs' are operational fire officers who have received additional training, and they provide advice to our incident commanders, in liaison with the EA.

We have compared what we currently do with the new guidance and identified changes we need to make to the way we work, and how much those changes might cost. We have identified costs of £90,000 over the next two years to comply with the new ways of working, and have been able to set aside a reserve fund to cover this cost. We will do this work jointly with the EA, and will seek to share resources with them as far as possible.

Major Incident Response - Flooding

A key function of our emergency response is the capacity to respond to major incidents, such as transport accidents, wide area flooding, environmental contamination, and collapsed buildings. We work with other agencies like the Police and health services in the local resilience forum on joint plans to deal with any risks in the area. The forum is responsible for warning and informing the public of these risks, and what to do if they happen.

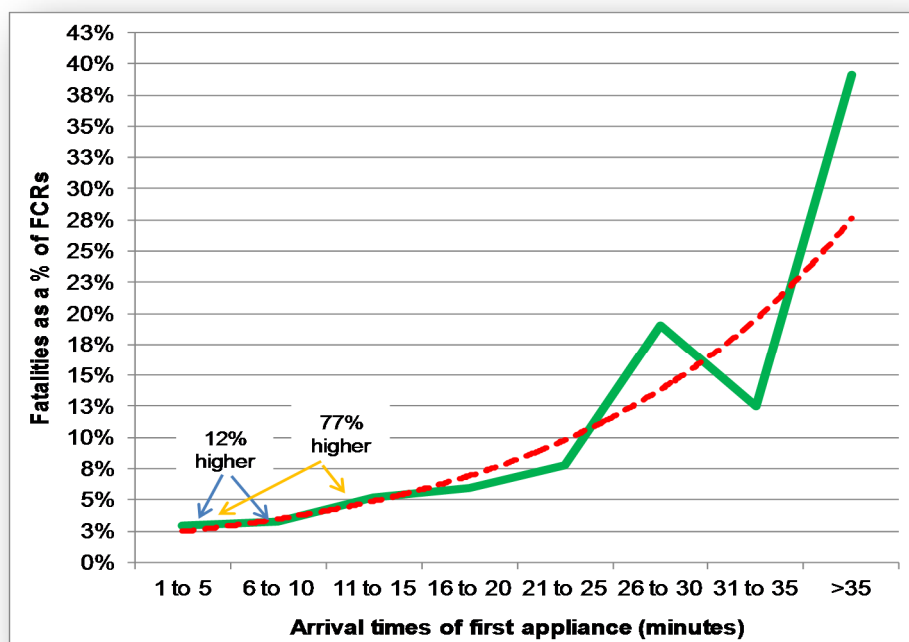
The largest single civil protection risk that Norfolk faces is flooding, particularly coastal flooding. In 2007, the October tidal surge saw NFRS with no specialist flood response resources, and

we had to request help from more than forty teams from across the country. After 2007, the County Council and DEFRA have provided substantial one-off grant funding to ensure NFRS can provide a flood rescue capability on behalf of the multi-agency Norfolk Resilience Forum. This meant that in December 2013, we were able to deploy 17 specialist teams, and were much less reliant on calling in external help, which was already over stretched helping other parts of the country. Norfolk's management of the December 2013 flood was later described by national commentators as 'exemplary'.

By law we do not need to provide a specialist water rescue and flooding service so we could end the specialist service. If, however, we want to keep providing a flood response for Norfolk after 2017, we would have to save money from elsewhere in order to fund it. The public consultation response has been overwhelmingly in favour of NFRS continuing to provide a flood response capability, so we will now review any options we can identify to secure ongoing funding to deliver against this clear public expectation.

Emergency Response Standards (ERS)

The longer we take to get to you, the greater your chance of dying in a fire. The graph below shows the fatality rate in accidental domestic dwelling fires, mapped against the time it takes for a fire engine to respond to the 999 call.

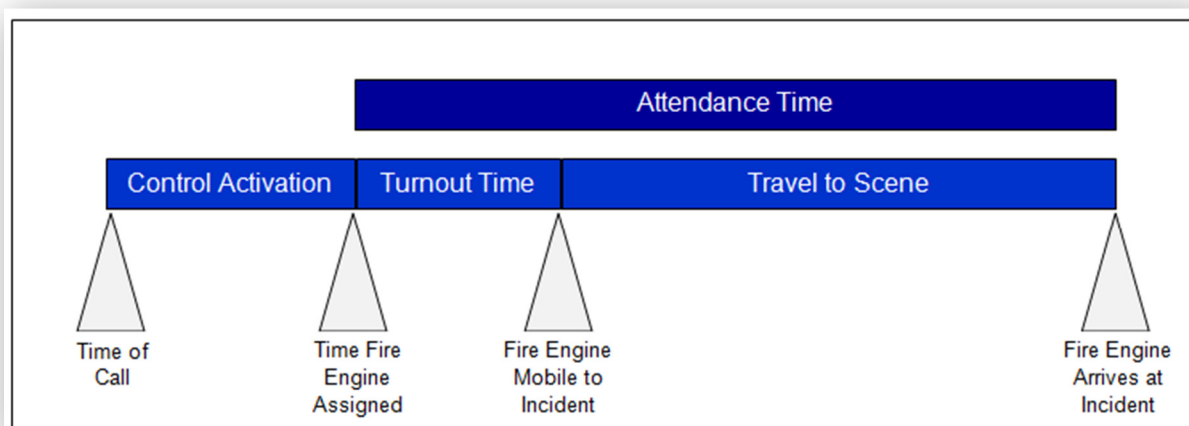


The graph does not start at 0%, because, if a victim is already deceased when we get the 999 call, it makes no difference how quickly we arrive. That is why we concentrate so hard on preventing fire happening in the first place. Also, if you are in a well-protected building, for example with a sprinkler system and working fire doors, you will be much safer for much longer.

Our existing ERS have been in place for the last ten years. They are a measure of how quickly we arrive, rather than what overall good we do, as they do not take into account any of our prevention or protection work. They are set out in the table below:

Incident Type	First Appliance	Second Appliance
Fires where life may be at risk	80% within 10 minutes	80% within 15 minutes
Other emergencies where life may be at risk	80% within 13 minutes	Not applicable
Other fires	80% within 13 minutes	Not applicable
Non-emergency incidents	80% within 45 minutes	80% within 45 minutes

ERS is measured from when the first fire engine is alerted to an incident to the time the first fire engine arrives at the incident.

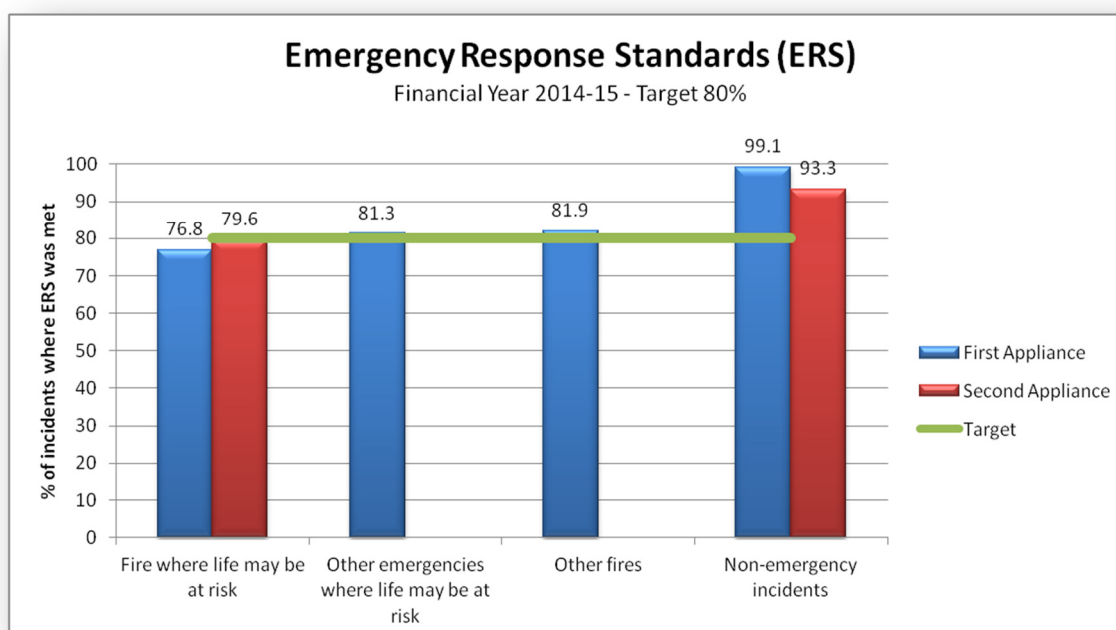


A WDS crew typically have a turnout time of 1 minute and 14 seconds.

There is a significant variation in RDS average turnout times, ranging from 4 minutes 04 seconds to 8 minutes 34 seconds. There are a number of factors affecting this including road layout, traffic conditions and distance of crew from station at time of alert.

With the changing pattern of emergencies in Norfolk, of fewer fires and fewer automatic fire alarm calls, which both tend to be concentrated in our urban areas, and increasing numbers of road collisions, we are already struggling to meet these response standards.

We intend to keep an emergency response standard, as we know you will still want to know how quickly we are going to arrive.



What we are proposing

Our current Emergency Response Standard is hard to meet, but it should be – if we can possibly get to you quicker, we should. The Fire & Rescue Authority is proposing to increase Council Tax to avoid the need for cuts to frontline service. We therefore owe it to you to make sure our resources are in the best possible locations at the right times to get the very best results we can. We will therefore be redeploying our resources to improve our performance against the current standard, rather than changing that existing standard.

However, we also want to introduce a new way of measuring our performance.

As well as measuring how quickly we get to you, we also want to measure what good we do, in terms of the outcomes we achieve for public safety. Put simply, we use computer modelling to predict how many people are at well above average risk of dying in house fires, and whereabouts in the county they tend to live. In 2015, just under 4000 people in Norfolk were in this category.

We have already massively reduced your risk of dying in a house fire over the last ten years – we want to continue to reduce that risk, so ***we will set a challenging target to reduce the number of people at well above average risk of dying in domestic dwelling fires to zero by 2020.***

We can only do this by focusing on not just a fast emergency response once you've had a problem, but in educating you not to have the problem in the first place and helping you protect yourself if something does go wrong. Our 999 response will always be there, but it should be the last resort, not the first – by the time you need to dial 999, we've already failed.

4. Proposals for change

This chapter sets out the changes that we will be making to our fire and rescue service following our review of IRMP evidence. The public were consulted on these changes and a range of other options between October 2015 and January 2016. The proposals in this chapter were approved at the Full Council Meeting on 22 February 2016 when Councillors also agreed the budget for NFRS for 2016/17.

Operational Support Reductions

We will reduce the amount we spend on fire and rescue operational support by £0.9m over three years. These are the services that help firefighters in carrying out their emergency response duties, for example, senior and middle managers, training, equipment and supplies.

We will change the composition and ways of working of our management and technical teams whilst also making staff reductions in other support services. This will include reducing layers of senior and middle management and reducing our operational training budget.

We currently spend around £5m on operational support. This proposal will save us up to £0.9m over three years - around £0.75m from operational support staff reductions and £150,000 from the operational training budget. We will save £300,000 in 2016/17 and £600,000 in 2018/19.

This is a reduction from the £1.2M savings requirement identified in the draft IRMP which went to public consultation. Councillors debated the proposals at Communities Committee in light of consultation responses, and recommended that the savings be reduced by £300,000.

This reduction will allow us to avoid some of the most difficult cuts to operational support we were considering, but also gives us the opportunity to reuse a significant proportion of this £300,000 to improve the emergency response cover and safety education we provide in rural areas, particularly in relation to road safety. This will allow us to achieve the public safety benefits of redeploying our resources, without having to reduce cover in our urban areas.

We will therefore not need to proceed at this time with the proposals to downgrade fire cover in King's Lynn and Gorleston from 24/7 to 12/7.

We will continue with the proposal to upgrade cover in Dereham by using the Urban Search & Rescue team already based there to also crew one of the Dereham fire engines.

We will review the proposals to change wholetime firefighter shift patterns and to upgrade fire cover in Thetford.

The proposal to replace 2nd appliances at two appliance RDS stations with lightweight 4x4 vehicles, which was already agreed in our previous IRMP, will continue.

Policy and Resources Committee

Item No 6 vi

Report title:	County Council Budget 2016-17 to 2019-20: Statement on the Adequacy of Provisions and Reserves 2016-20
Date of meeting:	8 February 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact This report sets out the Executive Director of Finance's statement on the adequacy of provisions and reserves used in the preparation of the County Council's budget, which is reported elsewhere on this agenda. As part of budget reporting to Policy and Resources Committee and the County Council, the Executive Director of Finance is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves. Members must consider the level and use of reserves and balances to inform decisions when recommending the revenue budget and capital programme. This paper is one of a suite of reports to this Policy and Resources Committee meeting that support decisions for the budget recommendations to County Council.	

Executive summary

This report details the County Council's reserves and provisions, including an assessment of their purpose and expected usage during 2016-20. It includes an assessment of the Council's financial risks that should be taken into consideration in agreeing the minimum level of General Balances held by the Council.

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

Recommendations:

1. Policy and Resources Committee is asked to agree to recommend to County Council:

- a) Note the planned reduction in non-schools earmarked and general reserves of 32.3%, from £87.7m (March 2015) to £59.3m (March 2020) (paragraph 5.3);
- b) Note the policy on reserves and provisions in Appendix C;
- c) Agree, based on current planning assumptions and risk forecasts set out in Appendix D:
 - i. for 2016-17, a minimum level of General Balances of £19.2m, and
 - ii. a forecast minimum level for planning purposes of

- 2017-18, £23.3m;
- 2018-19, £25.7m; and
- 2019-20, £26.2m.

as part of the consideration of the budget plans for 2016-20, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;

- d) Agree the use of non-school Earmarked Reserves, as set out in Appendix E;
- e) Agree that the Executive Director of Finance further reviews the level of the Council's Reserves and Provisions as part of closing the 2015-16 accounts in summer 2016.

1. Introduction

- 1.1. As part of budget reporting to Policy and Resources Committee and the County Council, the Executive Director of Finance is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves.
- 1.2. Reserves are an essential part of good financial management and are held to ensure the Council can meet unforeseen expenditure and to smooth expenditure across financial years. They enable councils to manage unexpected financial pressures and plan for their future spending commitments. While there is no universally defined level for councils' reserves, the reserves a Council holds should be proportionate to the scale of its future spending plans and the risks it faces as a consequence of these. Norfolk County Council's policy has been to set limits consistent with the Council's risk profile and with the aim that Council Taxpayer's contributions are not unnecessarily held in provisions or reserves.
- 1.3. This paper sets out the County Council policy for reserves and balances and details the approach for setting a risk assessed framework for reaching a recommended level of general balances. Appendices A and B explicitly identify the risks, over ten categories, and the quantification of those risks, in arriving at the recommended level.
- 1.4. Taking into account the overall position, it is considered that the current level of General Balances is adequate and the minimum level is therefore proposed at £19.2m.

2. Purpose of holding provisions and reserves

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

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

- Reserves for special purposes or to fund expenditure that has been delayed – reserves can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.
- Local Management of Schools (LMS) reserves that are held on behalf of schools – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.
- General Balances – reserves that are not earmarked for a specific purpose. The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Executive Director of Finance is required to form a judgement on the level of the reserve and to advise Policy and Resources Committee accordingly.

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

3. Current Context

3.1. In respect of General Balances, their minimum level is presently recommended at £19.2m for 2016-17. The projected actual level at 31 March 2016 is £19.2m, prior to allowing for the revenue budget year end position, which is currently forecasting an overspend of £3.133m (as at 30 November monitoring reports). However, Chief Officers are taking action to reduce the level of overspend and it is anticipated that a balanced outturn position will be achieved as a result. The budget proposals reported to Policy and Resources Committee on this agenda do not include any use of General Balances. The level of minimum balance is informed by an assessment of the financial risk to which the Council is exposed, whilst also taking account of the level of financial controls within the Council. Financial management and reporting arrangements are considered to be effective and this has been commented on by the external auditors.

3.2. Norfolk County Council's provisions and reserves are reported to Policy and Resources Committee on a monthly basis and are subject to continual review. They are also reported to the relevant Service Committee. In comparison with other County Councils, the Council holds a lower than average percentage of general balances. Latest Revenue Account Budget information from the Department for Communities and Local Government indicates that as a proportion of the 2015-16 net budget the Council's general reserves are presently 6.2%, while the average for shire counties is 7.8%.

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

council is exposed and an assessment of the role of reserves in supporting future spending plans.

- 3.4. The overall level of General Balances needs to be seen also in the context of the earmarked amounts set aside and the Council's risk profile. Whilst it is recognised that all County Councils carry different financial risk profiles, the position in Norfolk is that the level of its General Balances is below that of most other Counties.

4. Assessment of the level of General Balances

- 4.1. The framework for assessing the level of General Balances, detailed at Appendix A, is based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council. It takes into consideration the most significant risks and issues including the following:

- Level of savings and transformation. One of the most significant risks continues to be the level of transformation that has to take place across the Council to deliver the required budget savings. Risk has been considered as part of our assessment of the robustness of the budget proposals, and reflected in the reprofiling and removal of some savings. The remaining risks will be monitored within and across services as part of the Council's ongoing risk management process and mitigating actions will be identified and monitored. Robust financial monitoring controls are in place and additional monitoring of the transformation programme is being undertaken.
- Managing the cost of change. The Council will need to budget for the cost of any redundancies necessary to achieve the required budget savings and service restructuring to the extent they are not contained in the budget proposals. The Council has a separate redundancy reserve for this purpose.
- The effect of economic and demand changes. There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Whilst the budget process has been prudent in these assumptions and that those assumptions, particularly about demand led budgets, should hold true in changing circumstances, an adequate level of general contingency provides extra reassurance the budget will be delivered on target. Changes in the economic climate which may also influence certain levels of income to be received at a lower level than previous years.
- Cost of disasters. The Bellwin Scheme of Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. In a disaster situation, the Council can claim assistance from

the Government using the Bellwin rules. These are still to be confirmed for 2016-17, but for 2015-16 the threshold below which the Council would have to fund emergency costs was set at £1.246m. Central Government would then provide 100% grant funding for any expenditure incurred above this amount. Examples of natural disasters eligible for the scheme would include severe flooding and hurricane damage.

- Uncertainty arising from the introduction of new legislation or funding arrangements such as the full retention of Business Rates.
- Risk of changes to the levels of grant funding and factors affecting key income streams such as Council Tax and Business Rates.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The risk of major litigation, both currently and in the future, for example the change to Teckal applicability from January 2015.
- The need to retain a general contingency to provide for any unforeseen circumstances, which may arise.
- The need to retain reserves for general day to day cash flow needs.

4.2. The ten areas of risk considered in the general contingency are detailed in Appendix A with an explanation of the potential risks faced by the Council. Appendix B details the calculation of the General Balances.

Table 1: Recommended and forecast level of General Balances 2016-20

2015-16 (31/03/2016 Forecast)		2016-17	2017-18	2018-19	2019-20
£m		£m	£m	£m	£m
19.2	Assessment of the level of General Balances	19.2	23.3	25.7	26.2

- 4.3. It is essential in setting a balanced budget that the Council has money available in the event of unexpected spending pressures. The “balances” need to reflect spending experience and risks to which the Council is exposed.
- 4.4. The latest budget monitoring position reported elsewhere on the agenda forecasts general balances at 31st March 2016 of £19.2m, prior to allowing for the revenue budget end of year position, which is currently forecasting an overspend of £3.133m (as at 30 November monitoring reports).
- 4.5. The increase in the minimum level of risk-based balances needed in the following three years reflects the increased level of risk around budget

assumptions, such as pay awards, where the longer forecasting horizon increases the level of uncertainty.

5. Review of Earmarked Reserves and Provisions

- 5.1. As part of the 2016-17 budget planning process, a detailed review has been undertaken in respect of each of the reserves and provisions held by the Council. In general, the earmarked reserves and provisions are considered by the Executive Director of Finance to be adequate and appropriate to reflect the risks they are intended to cover. However, it is considered that changes could be made to the some reserves, due to changing circumstances. Table 2 summarises the earmarked reserves for each service and where it is recommended that the Medium Term Financial Plan includes movement from or to reserves, these are detailed at the foot of the table. The detailed balances for individual reserves are shown at Appendix C.

Table 2: Summary of Earmarked Reserves 2016-20

Service	Forecast at 31/03/17 £m	Forecast at 31/03/18 £m	Forecast at 31/03/19 £m	Forecast at 31/03/20 £m
Adult Social Care	0.075	0.000	0.000	0.000
Children's Services	0.000	0.000	0.000	0.000
Community and Environmental Services	9.272	7.551	6.775	6.775
Resources	0.066	0.066	0.066	0.066
Corporate and joint services	29.956	27.453	26.309	26.309
Total (excluding schools, April 2015 £68.474m)	39.369	35.070	33.150	33.150
Reserves for capital use (April 2015 £0.778m)	2.307	4.721	2.802	2.802
Schools (April 2015 £39.847m)	25.359	20.710	17.112	17.112
Key Changes to support the Medium Term Financial Plan				
Insurance Fund	-2.000			
Organisational Change Reserve	-0.700			
Business Risk Reserve to fund reprofile of COM033	-0.500			
Organisational Change Reserve for Social Care System Replacement	-0.478			
Total	3.678			

- 5.2. The detailed use of reserves for 2019-20 is not known at this time and as such the balances have been rolled forward at the same level as 2018-19.
- 5.3. The planned change in non-schools reserves is **a reduction of 32.3%**, compared to 58% in the previous year:

Table 3: Change in Reserves 2016-20

	March 31, 2015	March 31, 2020	Reduction %
	£m	£m	
General Balances	19.200	26.187	
Earmarked Reserves	68.474	33.150	
Total	87.674	59.337	32.3%
<i>The comparative figures for last year were:</i>			
	March 31, 2014	March 31, 2018	Reduction %
General Balances	17.288*	22.100	
Earmarked Reserves	96.734**	26.001	
Total	114.022	48.101	57.8

* General Balances figure at 31 March 2014 is before the £3m contribution agreed as part of the 2014-15 budget.

** Excludes reserves for capital use of £1.755m.

- 5.4. When taking decisions on utilising reserves or not it is important that it is acknowledged that reserves are a one-off source of funding and once spent, can only be replenished from other sources of funding or reductions in spending. The practice has been to replenish reserves as part of the closure of accounts, however this can be difficult to predict, and these contributions are therefore not reflected in the figures shown.
- 5.5. It is proposed to utilise the reductions in reserves outlined above to support the overall 2016-17 budget and this funding source will need to be replaced in the 2017-18 budget.
- 5.6. The 2016-17 budget includes the establishment of a Business Risk reserve from the forecast underspend on the Council's 2015-16 Minimum Revenue Provision (MRP) budget. This reserve will be used during 2016-17 to manage key risks in the adults' and children's social care budgets. In 2017-18 further ongoing provision has been made in the revenue budget to address these risks which will have been funded from one-off sources in 2016-17.
- 5.7. In view of the need to keep all financial risks under ongoing review and given the scale of change facing the Council, it is proposed that a further full risk

assessment of earmarked reserves also be undertaken as part of the closure of the accounts, alongside the review of Council balances in the summer 2016.

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

6. Equality Impact Assessment

- 6.1. In making recommendations to Full Council about the budget, Policy and Resources Committee must give due regard to eliminating unlawful discrimination, promoting equality of opportunity and fostering good relations between people with protected characteristics and the rest of the population. The assessment of equality impact of the budget proposals is included in a separate report to this Committee.

7. Summary

- 7.1. Members could choose to agree different levels of reserves and balances, which could increase or decrease the level of risk in setting the revenue and capital budget. This would change both the risk assessment for the budget and the recommended level of balances.
- 7.2. The proposed level of reserves and balances set out in this report is considered to provide a prudent and robust basis for the Revenue Budget 2016-17, and will ensure the Council has adequate financial reserves to manage during the delivery of services and the proposed savings in the financial years covered by the associated Medium Term Financial Strategy.

8. Issues, risks and innovation

- 8.1. **Legal implications** – Statutory requirements relating to individual proposals have been reported to Service Committees in January 2016. Legal requirements in relation to setting the budget and level of Council Tax have been set out within this report and are considered to be met.
- 8.2. **Risks** – The risks associated with the budget proposals were reported to Service Committees in January 2016 and to this Committee in the separate report on the Robustness of Estimates. Reports on the Robustness of Estimates and the Statement on the Adequacy of Provisions and Reserves also set out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of General Balances.

Background Papers

Provisional Local Government Finance Settlement 2016-17 and future years:
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>

Officer Contact

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

Officer Name:	Tel No:	Email address:
Simon George	01603 222400	simon.george@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk



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

Key financial risks for Norfolk County Council for General Balances calculation

Area of risk	Explanation of risk
1) Legislative changes	<p>Key government policy and legislative changes will impact on the Council's budget plans. Forecasts have been based on the latest information available but there is risk of variation and there is greater risk in future years, where estimates cannot be fully based on firm government announcements. Key elements include:</p> <ul style="list-style-type: none"> - Government grant – based on provisional government funding announcements. Although Settlement Funding Allocations for four years have been announced, future changes in grant level may still occur. - Business Rates. Councils' funding is affected by the level of business rates collected. NCC is affected by the combined rates across all Norfolk councils, which helps smooth out any specific peaks and troughs, however significant appeals such as Power Stations, GPs surgeries and NHS Foundation Trusts can result in significant volatility. There is also considerable uncertainty about the Government's plans for full localisation of Business Rates, intended to be completed during the life of the current parliament. This will result in a further transfer of risk to Local Authorities. - Council Tax base and collection. The council funding is affected if there is a reduction in the tax base or in the amount collected by the billing authorities. The budget is based on a prudent forecast, which minimises the financial risk to budgeted income. - NHS/Social Care Funding – There is uncertainty around how much additional social care funding will be available to NCC and the responsibilities attached to this. The budget forecasts include estimates for receiving part of the expected funding available. - Landfill tax. The government has not announced landfill tax increases beyond 2016-17. There is a risk that further increases will be announced. Budget estimates are based on increases in landfill tax costs in line with RPI. - The National Living Wage is to be introduced from 2016-17, starting at £7.20 and rising to over £9 by 2020. The exact level at which the National Living Wage will be set in future years has not been confirmed. - Care Act 2014 – There is uncertainty arising from the delayed implementation of some elements of the Care Act, including the cap on care costs.
2) Inflation	<p>Pay inflation has been assumed at 1% for 2016-17, 2017-18; 2018-19, and 2019-20 in line with the Chancellor's planning assumptions for public sector pay set out in the Spending Review 2015. Allowances have been made for differential increases for those staff affected by the implementation of the National Living Wage. However the County Council is part of the national agreement and therefore pay awards for 2016-17</p>

Key financial risks for Norfolk County Council for General Balances calculation

Area of risk	Explanation of risk
	<p>onwards will be subject to any agreements reached. There is a risk that pay awards could vary from this assumption over the planning period.</p> <p>Price inflation has been included based on contractual need. There is a risk that inflation will be required during the planning period, even where there is no current contractual element. In addition many contracts are negotiated post budget agreement and therefore forecast inflation levels may be different in practice.</p> <p>Inflation on fees and charges is set by NCC – a 1.2% increase has been assumed. However, there is a risk that market forces may require this to be varied during the planning period.</p>
3) Interest rates on borrowing and investment	<p>Budgeted interest earnings on investments are based on the London Intra Bank Bid rate for money market trades. The current rates are low and are likely to remain so until UK base rates are increased, which is not anticipated until at least the fourth quarter of 2016.</p> <p>The revenue cost of borrowing is based on the rates of interest payable on the Council's existing debt and assumptions in respect of capital expenditure to be funded from borrowing which has yet to be borrowed.</p>
4) Government funding	<p>In 2016-17, the Government has provided indicative long term funding allocations up to 2019-20. While the grant announcements remain subject to Government changes, which can also arise 'in-year', the Council has a much higher degree of certainty than has historically been the case. However, there remain a number of issues which may impact on future funding levels:</p> <ul style="list-style-type: none"> • The drive to deliver deficit reduction targets means that the Government may place further reductions on government departments that may affect local government, particularly if there are changes in the wider economy. • On occasions general issues arise on funding which place the Council at risk of clawback. • Key funding for integrated health and social care is via the Department of Health and is dependent on the agreement of plans and further information regarding payment by results. • There is considerable uncertainty about the Government's plans to reform local government funding including the full retention of Business Rates (which will mean the phasing out of Revenue Support Grant) and planned reforms to New Homes Bonus funding.

Key financial risks for Norfolk County Council for General Balances calculation

Area of risk	Explanation of risk
5) Employee related risks	Staffing implications of budget planning proposals have been evaluated and reflected within the financial plans, including the cost of redundancy. However, variations could occur as detailed implementation plans are developed.
6) Volume and demand changes	<p>Many of our largest budgets are demand led and these present long standing areas of risk. Forecasts for social care are based on current outturn predictions and applied to population forecasts. Costs could vary if the population varies or if the proportion of people either requiring or eligible for care is different to the forecast.</p> <p>Budgets for Looked After Children take into account the County Council's strategy for reducing the number of children in care. Preventative strategies are helping to stem the increases, new strategies developed in 2014 are starting to take effect and to deliver the planned improvements reflected in the planned savings. Financial risks include delivery of the strategy and external factors that can lead to an increase in the number of looked after children.</p> <p>Waste forecasts are based on the latest available information. If tonnage levels increase, this will lead to an increased pressure.</p>
7) Budget savings	<p>The medium term financial plan includes £115.182m budget savings to be delivered across four years. A full assessment of all proposals has tested the robustness of each saving to minimise the financial risk, however a risk remains that the programme is delivered at a slower rate, or that some savings are not achievable at the planned level.</p> <p>In addition, further savings need to be identified to close the funding shortfall in 2017-18. The shortfall in 2017-18 is £12.500m.</p>
8) Insurance and emergency planning provision	<p>Unforeseen events and natural disasters can increase the level of insurance claims faced by the Council.</p> <p>The council's insurance arrangements, including actuarial review of the fund, additional provisions for unforeseen and unreported claims, service risk management and emergency planning procedures minimise this risk.</p>
9) Energy, security and resilience	<p>Were a disaster to occur, we must have a reserve in place to pick up costs that will fall to the Council.</p> <p>Norfolk includes flood risk areas and emergency procedures are in place to manage this.</p> <p>Resilience of ICT can create a risk. The DNA programme of work aims to improve resilience of ICT.</p>

**Key financial risks for Norfolk County Council for General Balances
calculation**

Area of risk	Explanation of risk
10) Financial guarantees / legal exposure	The contracts containing obligations that, if not fulfilled, would attract a penalty. The Council has PFI Schemes for street lighting, salt barns and schools. However there is no risk to the financing of these schemes at this present moment.

Balances Calculation

Area of Risk	2015-16 Original			2016-17			2017-18			2018-19			2019-20		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Legislative Changes															
Government Grant / Localised Business Rates	251.911	0.00%	0.000	224.197	0.00%	0.000	195.887	0.00%	0.000	179.476	0.00%	0.000	164.132	2.00%	3.283
Business Rates	25.969	0.00%	0.000	24.819	0.00%	0.000	25.307	5.00%	1.265	26.054	10.00%	2.605	26.885	10.00%	2.688
Election	0.000	0.00%	1.000	0.000	0.00%	0.000	0.000	0.00%	0.000	0.000	0.00%	0.000	0.000	0.00%	0.000
Council Tax Variation to Base/Collection	317.499	0.00%	0.000	338.960	0.00%	0.000	349.260	0.50%	1.746	364.525	0.50%	1.823	380.791	0.50%	1.904
NHS/Social Care Funding	56.381	0.00%	0.000	56.381	3.00%	1.691	58.266	0.00%	0.000	72.209	0.00%	0.000	84.753	0.00%	0.000
Apprenticeship Levy	0.000	0.00%	0.000	0.000	0.00%	0.000	1.071	1.00%	0.011	1.071	1.00%	0.011	1.071	1.00%	0.011
Landfill Tax - waste recycling (price)	22.576	0.00%	0.000	22.397	0.00%	0.000	22.397	1.00%	0.224	20.397	1.00%	0.204	20.397	1.00%	0.204
	674.336		1.000	666.754		1.691	652.188		3.246	663.731		4.643	678.029		8.090
Inflation															
Employees	213.115	0.00%	0.000	226.384	0.00%	0.000	227.556	0.50%	1.138	220.214	0.50%	1.101	220.214	1.00%	2.202
Premises	16.206	1.00%	0.162	25.781	1.00%	0.258	26.247	1.00%	0.262	26.216	1.00%	0.262	26.216	1.00%	0.262
Transport	50.607	0.50%	0.253	55.875	0.50%	0.279	57.636	0.50%	0.288	58.789	0.50%	0.294	58.789	0.50%	0.294
Supplies and Services	111.338	0.75%	0.835	123.555	0.75%	0.927	123.744	0.75%	0.928	115.901	0.75%	0.869	115.901	0.75%	0.869
Agency and Contracted	430.319	0.25%	1.076	387.253	0.25%	0.968	402.869	0.25%	1.007	407.287	0.25%	1.018	407.287	0.25%	1.018
Income (Fees and Charges)	106.466	0.00%	0.000	116.024	0.00%	0.000	118.227	0.00%	0.000	120.914	0.00%	0.000	120.914	0.00%	0.000
	928.051		2.326	934.871		2.432	956.279		3.624	949.321		3.545	949.321		4.646
Interest Rates															

Balances Calculation

Area of Risk	2015-16 Original			2016-17			2017-18			2018-19			2019-20		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Borrowing	30.214	0.50%	0.151	26.579	0.50%	0.133	25.084	0.50%	0.125	25.041	0.50%	0.125	25.041	0.50%	0.125
Investment	1.722	0.50%	0.009	1.705	0.50%	0.009	1.707	0.50%	0.009	1.707	0.50%	0.009	1.707	0.50%	0.009
	31.936		0.160	28.284		0.141	26.791		0.134	26.748		0.134	26.748		0.134
Grants															
Education Services Grant	8.035	1.00%	0.080	6.855	1.00%	0.069	6.855	1.00%	0.069	6.855	1.00%	0.069	6.855	1.00%	0.069
Public Health Grant funding	30.590	0.00%	0.000	27.341	0.00%	0.000	26.313	2.00%	0.526	25.270	2.00%	0.505	25.270	2.00%	0.505
Public Health Funding (0-5 year olds)	6.893	0.00%	0.000	13.214	0.00%	0.000	13.214	2.00%	0.264	13.214	2.00%	0.264	13.214	2.00%	0.264
Other General Fund Grants	23.329	0.50%	0.117	18.256	0.75%	0.137	19.022	0.50%	0.095	17.779	0.50%	0.089	17.779	0.50%	0.089
	68.847		0.197	65.666		0.205	65.404		0.954	63.118		0.927	63.118		0.927
Employee Related Risks															
Pensions actuarial evaluation	8.728	0.00%	0.000	10.696	0.00%	0.000	13.926	2.00%	0.279	13.926	2.00%	0.279	13.926	2.00%	0.279
	8.728		0.000	10.696		0.000	13.926		0.279	13.926		0.279	13.926		0.279
Volume/Demand Changes															
Capital Receipts	8.035	0.00%	0.000	6.978	0.00%	0.000	10.155	0.00%	0.000	2.200	0.00%	0.000	1.450	0.00%	0.000
Customer and Client Receipts	106.466	0.75%	0.798	116.024	0.75%	0.870	118.227	0.75%	0.887	120.914	0.75%	0.907	120.914	0.75%	0.907
Demand Led Budgets (Adult Social Care third party and transfer payments)	269.317	1.00%	2.693	294.837	1.00%	2.948	290.083	1.00%	2.901	280.799	1.00%	2.808	280.799	1.00%	2.808

Balances Calculation

Area of Risk	2015-16 Original			2016-17			2017-18			2018-19			2019-20		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Demand Led Budgets (Looked after Children)	75.111	1.00%	0.751	70.913	1.00%	0.709	73.335	1.00%	0.733	73.740	1.00%	0.737	73.740	1.00%	0.737
Winter Pressures	3.800	25.00%	0.950	3.181	25.00%	0.795	3.228	25.00%	0.807	3.277	25.00%	0.819	3.277	25.00%	0.819
Landfill Tax - waste recycling (volume)	22.576	1.20%	0.271	22.397	1.20%	0.269	22.397	1.20%	0.269	20.397	1.20%	0.245	20.397	1.20%	0.245
Public Health contracts	29.804	0.00%	0.000	37.796	2.00%	0.756	37.573	2.00%	0.751	36.530	1.00%	0.365	36.530	1.00%	0.365
Better Care Fund Spend	56.381	2.00%	1.128	56.381	0.00%	0.000	58.266	2.00%	1.165	72.209	1.00%	0.722	84.753	1.00%	0.848
	571.490		6.591	608.507		6.348	613.264		7.513	610.067		6.604	621.861		6.729
Budget Savings															
Budget Reductions	43.842	5.50%	2.411	41.987	7.50%	3.149	29.689	7.50%	2.227	42.506	10.00%	4.251	1.000	10.00%	0.100
	43.842		2.411	41.987		3.149	29.689		2.227	42.506		4.251	1.000		0.100
Insurance/Public Liability Third Party Claims															
Uninsured Liabilities	0.000	0.00%	4.000	0.000	0.00%	4.000	0.000	0.00%	4.000	0.000	0.00%	4.000	0.000	0.00%	4.000
Belwin rules	1,245.534	0.20%	2.491	1,245.534	0.10%	1.246	1,245.534	0.10%	1.246	1,245.534	0.10%	1.246	1,245.534	0.10%	1.246
	1,245.534		6.491	1,245.534		5.246	1,245.534		5.246	1,245.534		5.246	1,245.534		5.246
Energy Security and Resilience															
Carbon Tax Legislation	0.386	10.00%	0.039	0.348	10.00%	0.035	0.356	10.00%	0.036	0.363	10.00%	0.036	0.370	10.00%	0.037
	0.386		0.039	0.348		0.035	0.356		0.036	0.363		0.036	0.370		0.037
TOTAL			19.215			19.247			23.258			25.663			26.187

Norfolk County Council policy on Provisions and Reserves**Objective**

The objective of holding provisions and reserves is to ensure the Council can meet unforeseen expenditure and to smooth expenditure across financial years

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

Provisions

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

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

Reserves

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

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

Further details of these categories is set out below. The Council complies with the definition of reserves contained within CIPFA's Accounting Code of Practice.

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

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

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

LMS reserve

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

Norfolk County Council policy on Provisions and Reserves

General Balances

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

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

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

Provision for Unforeseen Expenditure

Unforeseen expenditure can be divided into two categories:

- Disasters
- Departmental Overspends

In a disaster situation, the Council can have recourse to the Government using the Bellwin rules under which the Council would have to fund the first £1.245m of costs (2015-16 threshold). Central government would provide grant funding of 100% for expenditure incurred above this amount. Examples of natural disasters are severe flooding and hurricane damage.

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

Uninsured risks

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

However, there are some potential liabilities, such as closed landfill sites, some terrorism cover, and some asbestos cover, where it is not economical or practical to purchase external insurance cover. The County Council needs to have some provision in the event of a liability arising.

Comparisons with similar organisations

As part of assessing the minimum level of General Balances to be held, comparisons are made with other County Councils. Based on the latest Policy and Resources Committee monitoring report, the forecast level of General Balances at 31 March 2016 is £19.2m, prior to allowing for the revenue budget year end position. The County Council holds balances of 6.2% as a percentage of its net 2015-16 budget (Council

Norfolk County Council policy on Provisions and Reserves

Tax Requirement). This percentage can only be used as a guide as each Council's circumstances are different. However, the percentage of General Balances compared to the net revenue expenditure is below average in comparison to other County Councils, which is 7.8%.

Level of financial control within the Council

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

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

In evaluating the level of General Balances, as part of producing the 2016-17 Budget, the Executive Director of Finance has used a framework based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council.

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

Minimum Level of General Balances

Taking all of the above factors into account the Executive Director of Finance currently advises that the Council holds the following minimum level of General Balances for 2016-17 and indicative minimum levels for planning purposes for 2017-18 to 2019-20.

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Assessment of the level of General Balances	19.2	23.3	25.7	26.2

Chief Officers are expected to comply with financial regulations and deliver their services within the budget approved by the County Council and therefore departments are not expected to draw upon the £19.2m above.

Norfolk County Council policy on Provisions and Reserves

If the level of General Balances is reduced to below the minimum balance, currently £19.2m, the shortfall will be replenished as soon as possible or as part of the following year's budget.

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
PROVISIONS	
Adult Social Services Doubtful Debts	
A provision to cover bad debts.	This provision will decrease as bad debts are written off. A significant proportion is for specific debts with a proportion for general service user related debts.
ETD Doubtful Debts	
A provision to cover bad debts.	No current specific requirement, will be used in the event of bad debts being written off.
Insurance	
Provision for insurance claims.	Contractual commitment based on reported claims and provision for incurred but unreported claims. The movement in 2016-17 reflects the release of funds following a review of the level of provision required.
Pension liability re: Norfolk and Waveney Mental Health Trust	
Provision for the potential pension liability arising from the transfer of staff to the Norfolk and Waveney Mental Health NHS Foundation Trust.	A £670k liability exists that will be settled shortly.
Redundancy	
A provision to meet redundancy and pension strain costs.	The remaining figure will increase and decrease depending on the progress of any restructures and the redundancy pressures they bring, as well as the relevant accounting treatment.
Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regulations	
This provision is to meet the variable demand on Retained Turnout costs.	This is required to cover the contractual commitment, but currently there is no specific call on the provision identified.
Closed landfill long term impairment provision	
Provision created to fund long term impairment costs arising from Closed Landfill sites, as per Government legislation and External Audit recommendation.	This is required to cover the legal requirements, but there is currently no specific call on the provision identified. A fixed amount from revenue is released each year to cover impairment costs.
EARMARKED RESERVES	
A47 Development Reserve	
This reserve is to help facilitate the development of A47 throughout Norfolk.	This is dependent on the Highways Agency as they choose to develop the A47.
Adult Education Income Reserve	

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
The County Council is required to approve a budget for the Adult Education service five to six months in advance of the funding announcement by the Skills Funding Agency. In addition, the Skills Funding Agency can also impose penalties on the service in the event that targets are not met and these are dependent on results assessed at year end. This reserve enables the Council to manage risks associated with potential changes in Skills Funding Agency working.	The service has a requirement for a 5% risk margin based on the likelihood of funder's requests to return funds when educational attainment targets have not been achieved. Such requests occur at the end of the academic year when fixed costs have already been committed and the reserve is intended to avoid overspending. The target is £0.300m and more work is needed to build up levels of reserves.
Archive Centre Sinking Fund	
This reserve is to maintain the Archive Centre in accordance with a lease agreement between the County Council and the University of East Anglia.	The Archive Centre is required to provide environmental conditions that comply with BS 5454 and there is significant cooling and air conditioning plant to maintain satisfactory levels. Forward provision is required for the replacement of plant, boilers and lifts.
Building Maintenance	
This reserve is to ensure that the capital value of the Council's building stock is maintained and facilitates the rolling programme of building maintenance. It also allows NPS Property Consultants Ltd to respond to emergencies by carrying out repairs from day to day and as the need arises.	A rolling programme of work and annual budget contribution. The underlying reserve is to meet the risk of unidentified and emergency repairs.
Business Risk Reserve	
Members will consider the Council's Minimum Revenue Provision (MRP) Policy at Full Council 22 February 2016. It is anticipated that proposed changes to the MRP policy will enable the delivery of an underspend on the Council's 2015-16 provision amounting to £10.157m. It is proposed that this underspend be allocated to establish a Business Risk Reserve which will be used to manage the key risks in the 2016-17 adults' and children's social care budgets.	It is anticipated that there will be a draw down on this new reserve during 2016-17. This includes £0.500m to fund the reprofiling of Adults Committee saving COM033. However the timing and value of further use is not yet known with certainty and accordingly no additional reduction is shown in Appendix E below. In practice it is likely that the reserve will be substantially used over the period 2016-17 to 2019-20.
Car Leasing Scheme Surplus	
This is the accumulated trading surplus on the car leasing scheme.	This fund is expected to increase each year by the forecast annual surplus and therefore there will be opportunity to use some of this funding in future years.
Community Safety Reserve	

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
The reserves are the LPSA reward grant (revenue and capital) which was awarded to the County Community Safety Partnership (CCSP) and as such is overseen by them. The Partnership is responsible for holding Domestic Homicide Reviews and other specific projects which need to be funded and we have kept this balance for such eventualities.	The CCSP are in the process of overseeing a Domestic Abuse change programme across the county and this funding will be used at some stage for this process and other specific projects.
Economic Development and Tourism	
This is primarily the Apprenticeship Scheme balance, plus Better Broadband and committed EU project funding	Funding for apprenticeships, Better Broadband and EU Projects are mainly committed.
Fire Operational/PPE Clothing	
This reserve is to meet variable demands for new operational equipment and personal protective equipment.	The reserve is for hazmat suits and training in dealing with chemicals.
Fire Retained Turnout Payments	
This reserve is to meet variable demands from larger incidents and higher than expected turnouts.	Reserve is held for larger than anticipated actions during the year due to unforeseen circumstances e.g. flooding.
Fire Pensions Reserve	
This reserve is to smooth higher than anticipated costs due in respect of ill health retirements, injury retirements and retained fire fighters who qualify for the Whole Time Uniformed scheme.	Incidence of ill health and injury retirements are not planned and when they occur can carry a high financial cost. This reserve is to allow for those possible financial variances.
Fire Capital Sustainability Reserve	
This reserve is to help finance capital purchases and future projects.	This reserve is committed to capital projects for the sustainability of the Fire service in future years.
Highways Maintenance	
This reserve enables a wide range of maintenance schemes to be undertaken. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund.	The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by Developers to cover the additional maintenance work arising from their developments. The profile of use of the reserves reflects the future liabilities and planned general Highways expenditure.
Historic Buildings	
This is used to buy and restore historic buildings at risk of being demolished and to make grants towards the restoration of buildings.	There is no specific call on the reserve identified, but it will be drawn upon as required during the period.
Icelandic Banks Reserve	
This is to provide for potential additional Icelandic Bank losses.	Not forecast to be used but will be monitored during 2016-17.

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
Industrial Estate Dilapidations	
This is to cover potential dilapidation costs that may be incurred as a result of the expiration of the North Walsham industrial estate headlease in 2009.	There is currently no identified call on the reserve.
Information Technology Reserve	
The reserve is used by multiple services to set aside money for specific IT projects.	New funding towards the reserve is not planned.
Insurance	
This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision.	There is currently no identified call on the reserve, but this will be used as required over the period.
Museums Income Reserve	
This reserve is to assist with the budget management of fluctuations in income from visitors due to unpredictable seasonal variations.	There is currently no planned future use of the reserve. It is intended that the reserve is replenished with any surpluses over the next three years to ensure that the service can manage fluctuations in income as per the original purpose.
Norfolk Infrastructure Fund	
This reserve is to support infrastructure projects across the county.	Additional funding is received from second homes council tax and income from investments and repayments. The profile of spend relates to expected income and spend to meet known projects including borrowing costs.
Nplaw Operational Reserve	
This reserve has been created to support the development and increased activities of the business and smooth variations in trading.	The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme.
Organisational Change and Redundancy Reserve	
This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.	The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs. The reserve is also being used to fund the replacement of social care systems in 2016-17.
ETD Bus De-registration	
This is funding to meet costs associated with the commercial deregistration of bus services.	There is no planned usage of the reserve, but will be drawn upon as required over the period.
ETD Demand Responsive Transport	
This reserve is to enable pump priming of demand responsive transport services as changes are made in supporting public transport by increasing public transport	There is currently no planned usage of the reserve, but it will be used as required during the period.

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
patronage rather than directly subsidising transport operators.	
ETD Park & Ride	
The reserve is for future site works.	There is currently no planned usage of the fund, but it is retained to meet potential necessary site works.
ETD Road Safety Reserve	
This reserve reflects the surplus resulting from Speed Awareness Courses run by the council on behalf of the Police, to be reinvested within Road Safety.	It is expected that this reserve will be used in full in 2016-17.
ETD Street Lighting Sinking Fund	
This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant which will be needed in future financial years to meet contract payments.	The expected usage is in line with the contract payments.
Prevention Fund	
This includes the Living Well in the Community Fund, Prevention Fund and Strong and Well revenue funding as agreed by Members to support prevention work, mitigate the risks in delivering prevention savings and to help build capacity in the independent sector.	The remaining £84k in relation to Strong and Well is committed in 2016-17 for the purposes as agreed by Members previously. The remaining amount of the Prevention Fund is expected to be fully utilised by the end of 2017-18 as part of an invest to save approach to implementing Promoting Independence.
Public Transport Commuted Sums	
This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services.	This is held for a specified use, although there is currently no planned draw on the funding.
Repairs and Renewals Fund	
This fund is to meet the cost of purchasing and repairing specific equipment.	The need for the reserve has changed over time as more equipment is procured via leases. The majority of the reserve is planned to be used over the next three years.
Residual Insurance and Lottery Bids	
When a cash settlement was agreed with our insurers in respect of the library fire the proceeds were paid into an earmarked reserve. Subsequent costs have been funded from this source, and outstanding costs for buildings and books have been transferred to earmarked reserves. A few	The reserve incorporates externally funded grants earmarked towards projects. Included within this are sums required to complete the conservation of damaged documents. The reserve is expected to be used in over the next three years, although the timings for this are not yet known.

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
issues remain outstanding (e.g. Records conservation).	

Strategic Ambitions Reserve

This reserve supports the Council in achieving its aspirations and strategic ambitions for Norfolk.	This reserve is used to support the Corporate Programme Office and this element of the reserve will be utilised fully during 2016-17. The remainder relates to transport strategy and the sustainable strategy team. The level of this element of the reserve is expected to vary.
---	--

Unspent Grants and Contributions

This reserve contains the balances on the Council's unconditional grants and contributions.	Mostly grants and contributions which will be used to fund spend during the next three years
---	--

Usable Capital Receipts

This reserve is for capital receipts to help support the capital programme and reduce borrowing requirement.	The reserve includes general capital receipts and receipts in relation to the County Farms estate – the use of an element of which is ring-fenced for county farm purposes. The balance of the reserve will be used to minimise borrowing for unfunded capital schemes.
--	---

Waste Management Fund

This reserve is for waste management initiatives.	Fund will be largely utilised during 2017-18.
---	---

SCHOOLS' PROVISIONS**Children's Services Provision for Holiday Pay**

The provision is held for the payment of frozen holiday pay to former education staff that are now part of NORSE, on their retirement.	Currently there are no payments already identified for the three year period. However, the balance of the provision reduces reflecting the expected conversion of schools to Academy status.
--	--

SCHOOLS' RESERVES**Building Maintenance Non-Partnership Pool**

This is money put aside by schools, who have not subscribed to the Building Maintenance Partnership Pool, for the building maintenance of their schools	The future usage will be part of individual school's financial plans.
---	---

Building Maintenance Partnership Pool (BMPP)

Narrative of purpose and future use of all Reserves and Provisions

Purpose	Future use
This is part of a 5 year subscription program, run by NPS on behalf of schools, for building maintenance.	The future usage will be part of individual school's financial plans.
Children's Services Equalisation	
To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays.	This is expected to be used in full in 2016-17. Fund will replenish in 2017-18 depending on when Easter holidays fall.
LMS Balances	
This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfES and are not available to the Council for general use.	The future usage will be part of individual school's financial plans.
Norwich Schools PFI Sinking Fund	
This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and schools contributions which will be needed in future financial years to meet contract payments.	This will be used to fund the 25 year Norwich Schools PFI contract and profiled in line with contract payments.
Schools Contingency	
Part of the School's LMS budget, this fund is used to reimburse schools for unforeseen and special circumstances.	The future usage will be part of individual school's financial plans.
Schools non-teaching activities	
This reserve reflects trading surpluses of schools sports centre activities, as per section 458(1) of the Education Act 1996.	Trading position of school run children's centres and sports centres.
Schools Playing Field Surface Sinking Fund	
This reserve is to maintain and replace the astro turf playing surface at schools in accordance with a lease agreement between the schools' governing body and the County Council.	In line with lease agreement.
Schools Sickness Insurance Reserve	
This reserve is a mutual insurance scheme operated on behalf of schools.	No expected variations to the reserve. However, the balance of the reserve reduces reflecting the expected conversion of schools to Academy status.

Reserves and Provisions Year End Projections

	Opening	Forecast	Forecast	Forecast	Forecast	Forecast
	Balances	Balances	Balances	Balances	Balances	Balances
	01/04/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m	£m
Earmarked Reserves						
All Services						
Building Maintenance	2.878	0.878	0.878	0.878	0.878	0.878
Information Technology Reserve	7.628	5.062	4.992	4.914	4.844	4.844
Repairs and Renewals Fund	2.709	2.002	1.675	1.485	1.305	1.305
Unspent Grants and Contributions	18.275	9.908	6.374	4.465	3.593	3.593
	31.490	17.850	13.919	11.742	10.620	10.620
Children's Services						
Ofsted Improvement Fund	0.560	0.000	0.000	0.000	0.000	0.000
	0.560	0.000	0.000	0.000	0.000	0.000
Adult Social Care						
ASC Residential Review	2.278	0.000	0.000	0.000	0.000	0.000
Prevention Fund	0.740	0.235	0.075	0.000	0.000	0.000
	3.018	0.235	0.075	0.000	0.000	0.000
CES						
Adult Education Income Reserve	0.422	0.234	0.234	0.234	0.234	0.234
Archive Centre Sinking Fund	0.274	0.284	0.284	0.284	0.284	0.284
Museums Income Reserve	0.130	0.130	0.130	0.130	0.130	0.130
Residual Insurance and Lottery Bids	0.278	0.278	0.278	0.278	0.278	0.278
Economic Development and Tourism	3.941	1.804	1.079	0.582	0.446	0.446
Highways Maintenance	4.196	2.327	1.224	1.096	0.931	0.931
A47 Development Reserve	1.036	1.000	1.000	1.000	1.000	1.000
Historic Buildings	0.172	0.129	0.086	0.086	0.086	0.086
Norfolk Infrastructure Fund	0.424	0.424	0.840	0.650	0.650	0.650
P&T Bus De-registration	0.059	0.059	0.059	0.059	0.059	0.059
P&T Demand Responsive Transport	0.156	0.006	0.006	0.006	0.006	0.006
P&T Park and Ride	0.012	0.012	0.012	0.012	0.012	0.012
Road Safety Reserve	0.150	0.037	0.000	0.000	0.000	0.000
Street Lighting PFI Sinking Fund	7.298	2.964	2.764	2.564	2.364	2.364
Planning Services	0.015	0.000	0.000	0.000	0.000	0.000
Public Transport Commuted Sums	0.016	0.016	0.016	0.016	0.016	0.016
Waste Management Partnership Fund	0.721	0.589	0.364	0.014	0.014	0.014
Fire Capital Sustainability	1.903	1.274	0.406	0.195	0.000	0.000
Fire Pensions Reserve	0.348	0.248	0.198	0.148	0.098	0.098
Fire Retained Turnout Payments	0.130	0.130	0.065	0.000	0.000	0.000
Fire Operational/PPE/Clothing	0.000	0.090	0.060	0.030	0.000	0.000
Community Safety Reward Grant	0.000	0.167	0.167	0.167	0.167	0.167
	21.681	12.202	9.272	7.551	6.775	6.775
Resources						
NPLaw	0.199	0.066	0.066	0.066	0.066	0.066

Reserves and Provisions Year End Projections

	Opening	Forecast	Forecast	Forecast	Forecast	Forecast
	Balances	Balances	Balances	Balances	Balances	Balances
	01/04/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m	£m
	0.199	0.066	0.066	0.066	0.066	0.066
Corporate						
Car Leasing Scheme	0.438	0.096	0.000	0.000	0.000	0.000
Strategic Partnership	0.034	0.000	0.000	0.000	0.000	0.000
Icelandic Banks Reserve	0.641	0.392	0.392	0.392	0.392	0.392
Industrial Estate Dilapidations	0.010	0.010	0.010	0.010	0.010	0.010
Insurance Reserve	2.027	1.027	0.527	0.527	0.527	0.527
Organisational Change and Redundancy Reserve	7.285	6.061	5.181	5.125	5.103	5.103
Strategic Ambitions Reserve	1.091	0.760	0.270	0.000	0.000	0.000
Business Risk Reserve	0.000	10.157	9.657	9.657	9.657	9.657
	11.526	18.503	16.037	15.711	15.689	15.689
Non – Schools Total	68.474	48.856	39.369	35.070	33.150	33.150
Reserves for Capital Use						
Usable Capital Receipts	0.778	0.441	2.307	4.721	2.802	2.802
Schools Reserves						
Building Maintenance Partnership Pool	0.549	0.949	1.200	1.200	0.800	0.800
Building Maintenance Non-Partnership Pool	1.045	1.045	0.750	0.500	0.250	0.250
Children's Services Education Equalisation	0.655	0.757	0.000	0.101	0.203	0.203
LMS Balances	22.545	19.220	16.000	13.000	10.000	10.000
Norwich Schools PFI Sinking Fund	2.117	2.117	1.950	1.800	1.650	1.650
Schools Contingency	10.188	5.409	3.409	2.409	2.409	2.409
Schools non-teaching activities	1.355	1.355	1.100	0.900	0.700	0.700
Schools Playing Field Surface Sinking Fund	0.239	0.239	0.150	0.100	0.500	0.500
School Sickness Insurance	1.154	1.054	0.800	0.700	0.600	0.600
Schools Total	39.847	32.145	25.359	20.710	17.112	17.112
Provisions						
Community Services						
Adult Social Services Doubtful Debts	1.572	0.677	0.677	0.677	0.677	0.677
Potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust	0.670	0.670	0.670	0.670	0.670	0.670
Corporate						
Insurance	13.100	13.100	11.100	11.100	11.100	11.100
Redundancy	0.835	0.037	0.037	0.037	0.037	0.037
CES						
Closed landfill long term impairment provision	9.132	9.073	9.014	9.014	9.014	9.014

Reserves and Provisions Year End Projections

	Opening	Forecast	Forecast	Forecast	Forecast	Forecast
	Balances	Balances	Balances	Balances	Balances	Balances
	01/04/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m	£m
ETD Doubtful Debts	0.056	0.050	0.050	0.050	0.050	0.050
Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regulations	0.850	0.850	0.850	0.850	0.850	0.850
Schools Provisions						
Children's Services Provision for Holiday Pay	0.015	0.015	0.012	0.009	0.006	0.006

*The detailed use of reserves for 2019-20 is not known at this time and as such the balances have been rolled forward at the same level as 2018-19.

Policy and Resources Committee

Item No 6 vii

Report title:	County Council Budget 2016-17 to 2019-20: Robustness of Estimates
Date of meeting:	8 February 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact This report sets out the Executive Director of Finance's statement on the robustness of the estimates used in the preparation of the County Council's budget, which is reported elsewhere on this agenda. This is a statutory requirement and Policy and Resources Committee is asked to formally note the contents of the report prior to discussion of the budget report and recommendation of the budget and precept for 2016-17. This paper is one of a suite of reports to this Policy and Resources Committee meeting that support decisions for the budget recommendations to County Council.	

Executive summary

The level of risk and budget assumptions underpin decisions when setting the revenue budget and capital decisions, and affect the recommended level of general balances held. Members must consider the level of risk and the assumptions set out in this report when recommending the revenue budget and capital programme.

This report sets out the formal statement and provides more detailed information on risk; robustness of revenue estimates and capital estimates.

Recommendations:

1. Policy and Resources Committee is asked to agree to recommend to County Council:
 - a) To agree the level of risk and set of assumptions set out in this report, which underpin the revenue and capital budget decisions and planning for 2016-20.

1. Introduction

- 1.1. As part of the budget setting process the Executive Director of Finance (Section 151 Officer) is required under Section 25 of the Local Government Act 2003, to report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget.

2. Approach to providing assurance on robustness of estimates

- 2.1. The budget estimates are estimates of spending and income made at a point in time prior to the start of the next financial year. As such, this statement about the robustness of estimates does not provide a guaranteed assurance but does provide Members with reasonable assurances that the draft budget, which supports the budget recommendations to Policy and Resources Committee, has been based on the best available information and assumptions and has been subject to scrutiny by relevant staff, Chief Officers and Members.
- 2.2. The requirement to report on the robustness of estimates has been met through key budget planning processes during 2015-16, including:
- As part of preparing the Council's strategy for the future, "Re-imagining Norfolk", the Departments have undertaken reviews of functions and budgets including specific assessment of key areas of spend and income, analysis of benchmarking information, and peer review to identify opportunities;
 - Review by finance staff of all cost pressures and regular reports to Chief Officers to provide challenge and inform approach;
 - Issue of guidance to all services on budget preparation;
 - Routine monitoring of current year budgets to inform future year planning;
 - An organisational approach to planning with Policy and Resources Committee providing guidance early on and throughout the process;
 - Committee Chair and Chief Officer review and scrutiny of developing proposals through "Budget Challenge" sessions for each Service in July/August and September/October 2015.
 - Member review and challenge through the July, September, October and January Service Committees;
 - Public review and challenge through the budget consultation, including impact assessment of proposals;
 - Assurance from fellow Chief Officers that final budget proposals considered by County Council are robust and are as certain as possible of being delivered;
 - Member and Chief Officer peer review of all service growth and savings throughout the budget planning process.
- 2.3. In addition, and as set out in the Scheme of Authority and Financial Responsibility, Chief Officers are responsible for the overall management of the approved budget and the appointment of Responsible Budget Officers (RBO) who are responsible for ensuring that authorised budgets are managed in the most effective and efficient manner in accordance with agreed plans and financial controls. Therefore managers with RBO responsibilities also play a key part in monitoring the financial position, identifying variances and financial risks and planning for services changes including forecast contractual, demographic, legislative and policy changes. In preparing estimates considerable reliance is placed on Chief Officers and RBOs carrying out these responsibilities effectively.

3. Risk Assessment of Estimates

- 3.1. The organisation manages risk registers corporately, for each service and for key projects. These incorporate all types of risk, including financial. In addition, a formal risk assessment has been undertaken of the revenue budget estimates in order to support the recommendation of the level of General Balances. This risk assessment is detailed in a separate report to Policy and Resources Committee elsewhere on this agenda.
- 3.2. Budget planning estimates have been reported to Service Committees in September, October and January, along with key risks associated with the budget proposals identified. This enables Members to assess the risk associated with achievability of the savings identified and the robustness of the budget plans.
- 3.3. Early identification of risks enables Chief Officers to take mitigating action and to enable higher risk budgets to be more closely monitored during the year. The key corporate budget risks that will require ongoing attention are:
 - **Income:** Continuing reductions to key government grant funding and lack of certainty of key funding streams affected by further integrated health and social care reforms. A list of revenue grants is included at Appendix A;
 - **General pay and prices:** Inflationary pressures affecting the Council's contracted spend and uncertainty about the level of future pay awards;
 - **Adult Social Care:** Managing increased demand for services and facilitating adequate investment to deliver financially sustainably service provision;
 - **Looked after Children:** Meeting the challenge of delivering improvements within Children's Services to deliver improvement to both outcomes and financial sustainability within the service;
 - **Norwich Northern Distributor Route:** Significant capital project required to be met within planned capital funding;
 - **Organisational Change:** Managing significant transformation and staffing changes.
- 3.4. The budget estimates span a four year period 2016-20 and whilst forecast using the best available information, the planning assumptions and forecasts for future years will necessarily be based on less robust data and known factors. As part of the ongoing budget planning and monitoring cycle, these assumptions and emerging state of affairs are reviewed allowing the development of more detailed planning for the next financial years and revised medium term financial plans.

4. Robustness of Revenue Estimates

- 4.1. Within the framework set by Re-imagining Norfolk, the service and budget planning process focussed, through service and peer review, on the key priorities for services, including those services that we are required to do by law

and radically re-examining the way that services are provided. Work has also been undertaken to consider shared opportunities for new ways of working and savings. Cost pressures to manage unavoidable inflationary, legislative and demand pressures have been included in the revenue budget estimates.

4.2. During July/August and September/October, Chief Officers and Members have undertaken two rounds of challenge sessions to consider all budget plans and spending proposals. This has included peer review and an opportunity to evaluate initial proposals, risks arising from savings proposals and emerging planning issues for services. The most significant spending implications affecting the Council continue to relate to Adults, Children's Services, and Waste, and in particular:

- Embedding the new strategy, "Promoting Independence", for Adults service delivery, further developing integrated arrangements with Health (Better Care Fund), including drawing up plans in 2017 for the integration of health and social care services by 2020, implementing major legislative change (Care Act duties relating to wellbeing and prevention), whilst dealing with rising demographic pressures and the impact of the National Living Wage;
- Children's Services working with the new Commissioner to deliver improvements, particularly in services for children in and leaving our care, and continuing the implementation of changed service provision; and
- Increased waste tonnages, arising from climate and societal change.

4.3. As part of the budget process Policy and Resources Committee, Service Committees, and Chief Officers have considered all the budget reductions and growth pressures and these are reflected in the proposed budget. In addition, some of the key risks identified, including risks relating to the achievability of savings, have been taken into consideration in the Policy and Resources Committee's budget recommendations, which will enable some budget risks to be managed down and this is reflected in the risk assessment of the recommended level of general balances.

4.4. Specific further actions have been taken in 2016-17 to help provide assurance about the robustness of the revenue budget as follows:

- The Settlement for 2016-17 includes the removal of Care Act funding which is being used in 2015-16 to offset overspends within Adult Social Care budgets. For 2016-17 these amounts have been added into the base Adult Social Care budget to ensure a robust and deliverable 2016-17 budget.
- The 2016-17 budget also includes the establishment of a Business Risk reserve from the forecast underspend on the Council's 2015-16 Minimum Revenue Provision (MRP) budget. This reserve will be used during 2016-17 to manage key risks in the adults' and children's social care budgets. In 2017-18 further ongoing provision has been made in the revenue budget to address these risks which will have been funded from one-off sources in 2016-17.

- A thorough review of savings proposals has been undertaken, to provide assurance about the deliverability of savings. This has resulted in the removal of a number of savings, totalling £24.397m in 2016-17 and the reprofiling of a further £1.030m to later years.

- 4.5. The table below shows the current budget position for the following three years based on the Policy and Resources Committee recommendations set out in the Revenue Budget report elsewhere on this agenda and the current budget forecast for 2015-16. The medium term financial plan does not set out plans to fully meet the funding shortfall in 2017-18 to 2019-20. As part of developing Re-imagining Norfolk, and in developing the budget process for future years, work will continue to identify further proposals for service provision in order to identify additional opportunities to address these deficits in future years.

Table 1: Forecast Budget Surplus / Deficit 2016-17 to 2019-20

	2015-16 (P8 forecast)	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
	£m	£m	£m	£m	£m
Forecast outturn budget	3.133	0.000	12.500	-25.248	12.281

- 4.6. Work is being undertaken by Chief Officers to reduce the overspend position reported in period 8 and it is anticipated that a balanced outturn position will be achieved at year-end. The non-delivery of savings in 2015-16 has been addressed as part of the 2016-17 budget process.
- 4.7. The factors and budget assumptions used in developing the 2016-20 budget estimates are detailed over sixteen headings, including drivers of growth, savings and other planning assumptions and set out at Appendix B.

5. Robustness of capital estimates

- 5.1. As with the revenue budget, the capital programme is designed to address the authority's key priorities, including schemes which will help transform the way in which services are provided. To this end, the programme is prepared on the basis of a number of factors, including previously agreed projects, spend to save proposals, and infrastructure and property requirements.
- 5.2. Projects are costed using professional advice relative to the size and nature of the scheme. Where appropriate, a contingency allowance is included in cost estimates to cover unavoidable and unforeseeable costs. The programme is guided by a simple prioritisation model: schemes that score less than that achieved by the repayment of debt represent bad value for money. In this way, the Council will achieve the most economic use of its scarce capital resources.
- 5.3. The largest on-going capital programmes relate to transport infrastructure and schools. In both cases there is significant member involvement through Service

Committees. For other large projects, appropriate oversight is put in place through, for example, the County Hall Project Board.

- 5.4. An estimate of potential capital receipts is made each year. The actual level of receipt in any one financial year can never be forecast in advance with any degree of certainty due to market conditions and interest from purchasers and reduced receipts may result in fewer capital projects going ahead or additional future revenue costs.
- 5.5. The risks associated with having to fund large unforeseen programme variations are addressed mainly as a result of the Council being able to amend the timing of projects between years. The ability to re-profile projects between years does not result in a significant funding risk because the vast majority of funding is not time-bound, although there are inflationary risks which have to be considered.

6. Equality Impact Assessment

- 6.1. In making recommendations to Full Council about the budget, Policy and Resources Committee must give due regard to eliminating unlawful discrimination, promoting equality of opportunity and fostering good relations between people with protected characteristics and the rest of the population. The assessment of equality impact of the budget proposals is included in a separate report to this Committee.
- 6.2. Equality impact assessment of all relevant budget proposals has been set out in both the public consultation documentation and reports to service committees and Policy and Resources Committee. There is no further impact on equality arising from the statements within this report.

7. Summary

- 7.1. The paper sets out details of the assessment of the robustness of the estimates used in preparing the proposed revenue and capital budget. There are no direct resource implications arising from this report, but it provides information and details of the assumptions used to support the Statement of the Executive Director of Finance on the Robustness of the Estimates and provides assurances to Members prior to recommending and agreeing the revenue and capital budgets and plans for 2016-20.
- 7.2. The information included in both this report and other reports to Policy and Resources Committee needs to be considered when Policy and Resources Committee recommend a budget to County Council. Issues that need to be considered and where decisions are required are:
 - Additional Costs and Savings Options
 - Level of General Balances
 - Level of Reserves and Provisions
 - Robustness of Estimates

- Overall level of the 2016-17 Revenue Budget and proposals for 2017-18 to 2019-20
 - Overall level of the 2016-17 to 2019-20 Capital Programme
 - Prudential Code Indicators for 2016-17
 - Minimum Revenue Provision Statement
 - Discount on Second Homes
 - Level of the Council Tax / Precept for 2016-17 and for the period 2016-17 to 2019-20
 - Implications of the Revenue Budget for 2017-18 to 2019-20
 - Responses to savings proposals from the Budget Consultation
 - Outcome of equality impact assessment
- 7.3. Members could choose to agree different assumptions and therefore increase or reduce the level of financial risk in setting the revenue and capital budgets. This would change the risk assessment for the budget and the recommended level of general balances held.

8. Issues, risks and innovation

- 8.1. **Legal implications** – Statutory requirements relating to individual proposals have been reported to Service Committees in January 2016. Legal requirements in relation to setting the budget and level of Council Tax have been set out within this report and are considered to be met.
- 8.2. **Risks** – The risks associated with the budget proposals were reported to Service Committees in January 2016 and are reported to Policy and Resources Committee in this report. The Statement on the Adequacy of Provisions and Reserves also sets out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of General Balances.
- 8.3. In setting the budget the Council can accept different level of risks, for example, minimising risk through investment in services, reducing higher risk savings, or putting in place additional reserves for specific risks. The robustness of the budget estimates is evaluated, setting out budget assumptions and areas of risk, to enable Members to consider the assumptions and risks that will underpin further decisions for agreeing the budget and level of general balances. The assumptions set out in the report directly impact on the risk assessment of the level of general balances.

Background Papers

Provisional Local Government Finance Settlement 2016-17 and future years:
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>

Officer Contact

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

Officer Name:	Tel No:	Email address:
Simon George	01603 222400	simon.george@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk



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

Revenue Grants

Grant	2016-17
	Provisional Settlement
	£m
Un-ring-fenced	
Revenue Support Grant	108.511
Top-Up Grant (Business Rates Retention Scheme)	115.685
Section 31 Grant (compensation for Government business rate initiatives)	3.243
New Homes Bonus	4.958
New Homes Bonus adjustment	0.342
Education Services Grant	6.855
Fire Revenue	1.004
Inshore Fisheries	0.152
Local reform and community voices	0.563
Extended rights to free travel (Local Services Support Grant)	0.722
PFI Revenue Grant (street lights; salt barns and schools)	8.046
Social Care in Prisons	0.371
New: Rural Services Delivery Grant	0.983
Ring-fenced	
Public Health	40.555
Dedicated Schools Grant	560.262
Pupil Premium Grant	29.752
Locally collected tax (forecasts)	
Council tax (assuming increases for Adult Social Care precept 2% and 1.99% in 2016-17, CPI 2017-18 2018-19 2019-20)	338.960
Business Rates	24.817
Pooled funding	
NHS Funding (incl. Better Care Fund)	56.381

Shaded figures remain to be confirmed.

*DSG is before Academy recoupment.

Analysis of Robustness of Revenue Estimates

Budget Assumption	Explanation of financial forecast and approach
Growth Pressures	
1) Inflation	<p>Pay inflation has been assumed at 1% for 2016-17, 2017-18; and 2019-20 in line with the Chancellor's planning assumptions for public sector pay set out in the Spending Review 2015. Allowances have been made for differential increases for those staff affected by the implementation of the National Living Wage. However the County Council is part of the national agreement and therefore pay awards for 2016-17 onwards will be subject to any agreements reached. There is a risk that pay awards could vary from this assumption over the planning period.</p> <p>Pensions – The 2016 Actuarial Evaluation will set the employer contribution rates from 1 April 2017. Work has been undertaken to review the assumptions and given that the County remain substantially short of the full theoretical rate have allowed for similar increases in the cash amount of the deficit recovery contribution over the three years from 1 April 2017 as has emerged from the 2013 valuation.</p> <p>Price Inflation is provided where a contractual increase is required. This is at the contractual or forecast rate.</p> <p>Inflation on income where appropriate has been included at 1.2%, in line with the forecast for CPI.</p>
2) Demand and Demographics	<p>There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning:</p> <ul style="list-style-type: none"> Increases in adults requiring adult social care – this includes older people and adults with learning difficulties, physical disabilities or mental health needs. Increases in the number of looked after children – however for 2016-17 planning purposes it is assumed that the reductions in numbers of looked after children will continue and any increase will be offset by the removal of savings in this area. Changes in waste disposal tonnage. The 2016-17 budget is based on the most recent predictions for waste tonnages and reflect the expected out-turn position for 2015-16 allowing for increases in landfill tax and contract price increases. There is significant uncertainty about likely volumes after 2016-17 and these figures are kept under review.

Analysis of Robustness of Revenue Estimates

Budget Assumption	Explanation of financial forecast and approach
3) Legislative changes	<p>The budget estimates include the following assumptions with regard to current and future legislative changes</p> <ul style="list-style-type: none"> Landfill – Budget estimates are based on increases in landfill tax costs in line with RPI. The Government has announced a National Living Wage to be introduced from 2016-17, starting at £7.20 and rising to over £9 by 2020. The costs of the National Living Wage have been included in budgets in respect of the Council's directly employed staff. A national single tier pension scheme is being introduced in 2016-17. This will mean that no one will opt out of the state provided earnings related pension scheme and this will change the employers national insurance contribution for those staff currently in the Local Government Pension Scheme (LGPS). Increased employer contributions have been based on the current payroll for staff in the LGPS. An Apprenticeship Levy is to be introduced from April 2017, set at 0.5% of an employer's paybill. This will result in a cost pressure of £1.071m based on the Council's current payroll, which has been included in the 2017-18 budget.
4) Policy decisions	The 2016-17 budget includes the financial impact of previous year's budget decisions, including use of one-off funding within the 2015-16 budget and in-year decisions.
5) Interest Rates	Budgeted interest earning on investments are based on the London Intra Bank Bid rate for money market trades.
Savings	
6) Income	Inflationary increases to fees and charges have been included within the budget proposals. Changes to income either through expected reduction in income or initiatives to increase income generation are reported as individual budget proposals.
7) Savings	<p>Savings have been identified across all services and range from productivity efficiency savings to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have reviewed and challenged the deliverability of savings.</p> <p>Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget</p>

Analysis of Robustness of Revenue Estimates

Budget Assumption	Explanation of financial forecast and approach
	monitoring process and reported to Policy and Resources Committee, with management actions identified as necessary.
Other Planning assumptions	
8) Grant	<p>The budget reflects funding up to 2019-20 as announced within the 2016-17 Provisional Local Government Finance Settlement and plans for future years are based on the indicative settlement figures provided.</p> <p>The budget report sets out the detail of key grants and states where any key areas of funding are yet to be announced. In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation.</p>
9) Financial risks inherent in any significant new funding partnerships; major contracts or major capital developments	Financial risks are included within the assessment of the level of general balances. The financial risks arising from the Norwich Northern Distributor Road continue to be closely monitored and reflected within the County Council's budget proposals.
10) Availability of funds to deal with major contingencies	All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level of balances required. This approach is set out in a separate report to Policy and Resources Committee.
11) Overall financial standing of the authority	<p>The Council's treasury management activity manages both short term cash to provide security, liquidity and yield and the Council's longer term borrowing needs to fund capital expenditure through either long term borrowing or the utilisation of temporary cash resources pending long term borrowing. In accordance with the approved strategy, the Council continues to postpone any new borrowing for capital purpose, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term.</p> <p>At the 31st December 2015, the Council's outstanding debt totalled £490m. The Council continues to maintain its total gross borrowing level within its Authorised Limit of £732m for 2015-16. The Authorised Limit being the</p>

Analysis of Robustness of Revenue Estimates

Budget Assumption	Explanation of financial forecast and approach
	<p>affordable borrowing limit required by section 3 of the Local Government Act 2003.</p> <p>There are four treasury related indicators to restrict treasury activity within certain limits and manage risk. These are; variable interest rate exposure; fixed interest rate exposure; maturity profile of debt and investments greater than 364 days. Monitoring is reported regularly to Policy and Resources Committee on an exception basis.</p> <p>The Council's treasury management activities are regularly benchmarked against those of other local authorities. The County Council has upper quartile investment performance; is cost effective, pays comparable rates of interest on its debt and is effective at managing risk.</p>
12) The authority's track record in budget and financial management	<p>As at the end of November 2015 (Period 8) the 2015-16 revenue budget is forecast to overspend by £3.133m on a net budget of £318.428m (gross £1,413.010m). Chief Officers are undertaking further work to reduce the overspend in order to deliver a balanced outturn at year-end.</p> <p>The Council has a good track record of sound budget and financial management and Ernst and Young the Council's external auditors has issued an unqualified opinion on the 2014-15 accounts and concluded that the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
13) The authority's capacity to manage in-year budget pressures	<p>The level of general balances are assessed as part of the budget setting process and reviewed monthly and reported to Policy and Resources Committee as part of the monthly monitoring process. Review and challenge improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management.</p>
14) The strength of the financial information and reporting arrangements	<p>Information on budget and actual spend is reported publicly and monitoring reports are published monthly through the year. The reports are on a risk basis, so that attention is concentrated on what is most important.</p>
15) The end of year procedures in relation to budget under/overspends at authority and departmental level	<p>Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year-end financial information is reported alongside services' performance monitoring. The proposed year end arrangements will be reported to Policy and Resources Committee for approval.</p>

Analysis of Robustness of Revenue Estimates

Budget Assumption	Explanation of financial forecast and approach
16) The authority's insurance arrangements to cover major unforeseen risks	<p>The County Council has a mix of self-insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management.</p> <p>General balances include assessment of financial risk from uninsured liabilities.</p>

Policy and Resources Committee

Item No 6 ix

Report title:	County Council Budget 2016-17 to 2019-20: Medium Term Financial Strategy 2016-20
Date of meeting:	8 February 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact The Medium Term Financial Strategy 2016-17 to 2019-20 sets out details of the national and local context and framework for budget planning. Members should consider and agree the strategy as part of recommending the Revenue Budget and Capital Programme.	

Executive summary

The Medium Term Financial Strategy (MTFS) covering the years 2016-17 to 2019-20 brings together all of the elements that are considered as part of the robust planning process for a sustainable and prudent future for the services that Norfolk County Council provides or commissions for the people of Norfolk, and how these services will be financed.

The MTFS sets out the national and local factors which impact upon budget and service planning decisions. It details funding reductions and shows how the Council intends to manage the reductions, to make transformative changes and plan new initiatives, while meeting its statutory responsibilities.

This paper is one of a suite of reports to Policy and Resources Committee that support decisions for the budget recommendations to County Council.

Recommendations:

1. Policy and Resources Committee is asked to agree to recommend to County Council:

- a) To note the comments of the Section 151 Officer, set out in paragraphs 7.5 and Appendix A regarding the Government's assumptions about Council Tax increases;
- b) To agree the Medium Term Financial Strategy 2016-20, including the two policy objectives to be achieved:
 - i. **Revenue:** To identify further funding or savings for 2017-18 to 2019-20 to produce a balanced budget in all years 2016-20, in accordance with the timetable set out in the Revenue Budget report.
 - ii. **Capital:** To support the proposed long-term strategy to invest in the Council's assets while minimising the impact on the revenue budget.

- c) To note the terms of the Government's offer of four year funding allocation certainty, and agree the MTFS proposals regarding the use of this certainty for the mutual benefit of residents and citizens.

1. Introduction

- 1.1. The Medium Term Financial Strategy (MTFS) 2016-20 replaces the Medium Term Financial Strategy 2015-18.
- 1.2. The Government's announcements of four-year funding allocations following the Spending Review and Autumn Statement 2015 have confirmed that Norfolk County Council, like all of local government, continues to face a challenging financial future. The first two years of the Spending Review, 2016-17 and 2017-18, are likely to be particularly challenging, and the Council faces significant reductions in Government funding in all four years to 2019-20. Difficult decisions will need to be made about the future provision of services that the citizens of Norfolk value.
- 1.3. On 1 June 2015, Policy and Resources Committee received a report setting out a forecast funding shortfall of £148.849m. After accounting for savings already identified, and forecast increases in the tax base, this left a gap of £110.593m between 2016 and 2019. This was based on the latest forecasts of Government funding and estimates of expected increased costs such as inflation, volume change from increased demand, demographics and the costs of legislative changes.
- 1.4. Over the summer and autumn, significant work has taken place to develop and challenge budget estimates and initial budget saving proposals to ensure the robustness of estimates used. This has been undertaken through additional reviews and via member and officer peer challenge, including a series of "Budget Challenge" sessions between July and October 2015. In addition, emerging challenges, such as the National Living Wage, managing the costs of social care, and costs of increased waste tonnage, have been taken into consideration. Together with the funding announcements within the Draft Local Government Funding Settlement for 2016-17 and identified savings, the four year forecast shows a small surplus of £0.467m, although this includes deficits in both 2017-18 and 2019-20. This position includes the Policy and Resources recommendations set out in the Revenue Budget 2016-17 paper included elsewhere on this agenda.
- 1.5. The MTFS sets out the national and local factors which impact upon budget planning decisions. It details funding reductions and shows how the Council intends to manage the reductions, to make transformative changes and plan new initiatives, while meeting its statutory responsibilities.
- 1.6. As detailed in the Revenue Budget report elsewhere on this agenda, the development of the 2016-17 budget has been undertaken in the context of significant uncertainty about central government's financial planning ahead of the Spending Review 2015, and the resulting requirements for fiscal

consolidation to be demanded of local government. In addition, pressures in key areas such as Adult Social Care and Waste, alongside whole council pressures from changes in legislation including the National Living Wage, have given rise to additional costs. In some cases the cost, complexity and time required to deliver transformational change has also proven greater than originally anticipated, and as a result a number of previously agreed savings have been identified for removal in the 2016-17 budget.

2. National Factors

- 2.1. The Chancellor has reiterated that the national economic and financial outlook in 2016 remains uncertain and challenging. Since 2010, the UK economy has been the joint fastest growing on average in the G7, however the overall recovery has still been slow. In its *Economic and Fiscal Outlook*¹ published November 2015, the Office for Budget Responsibility (OBR) reported that growth in Gross Domestic Product (GDP) in advanced economies was lower than previously forecast in the second quarter of 2015, with weak growth in the euro area and the slowest rates of growth in the Chinese economy for six years. At the Spending Review in November 2015, the OBR forecast GDP growth for the UK of 2.4% in 2015, 2.4% in 2016 and 2.5% in 2017. Average wage inflation in 2015 is now forecast to be 2.7%, which means growth in wages is now higher than forecast Consumer Price Index (CPI) inflation. As a result the previous pressure on disposable income and living standards is slightly relieved.
- 2.2. In the context of this economic uncertainty, policies made, and decisions taken, by Government have an impact on our planning, for example reductions to local government funding. During the last Parliament, the National Audit Office estimates that Local Government's core funding fell by 37%², and has seen a reduction in headcount nationally of 648,000 from June 2010 to Quarter 3 2015³. The 2015 Spending Review announced that the Local Government Departmental Expenditure Limit (LG DEL), which includes Revenue Support Grant from central government is planned to decrease by 56% in real terms, although this is expected to be offset in part by increased Business Rates and Council Tax. The Government anticipates overall local government spending to rise by £0.2bn in cash terms (from £40.3bn in 2015-16 to £40.5bn in 2019-20), representing a total real terms decrease of 6.7%, based on current inflation forecasts.
- 2.3. The Bank of England base rate has remained unchanged at 0.5% since March 2009. With investment returns constrained by low rates of interest, the County Council has made changes to its investment strategy in order to access a more diversified pool of high quality banks and financial institutions, lengthen average deposit duration and make specific loans available to the Norse Group. These changes have been made within the context of the Council's investment objectives of safeguarding the timely repayment of principle and interest, whilst

¹ *Economic and Fiscal Outlook*, November 2015, Office for Budget Responsibility:
<http://budgetresponsibility.org.uk/economic-fiscal-outlook-november-2015/>

² *The Impact of Funding Reductions on Local Authorities*, November 2014, National Audit Office:
<https://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/>

³ <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-366785>

ensuring liquidity for cash flow and the generation of investment yield (detailed further in the Annual Investment and Treasury Strategy 2016-17 elsewhere on this agenda).

- 2.4. Forecasts of short term interest rates, on which investment decisions are based, suggest that the 0.5% base rate will remain unchanged until the fourth quarter of 2016, and that the Bank of England will seek to make only very gradual changes to the base rate. However, there is a risk that if economic growth weakens and there is further deterioration of global economic prospects, increases in the base rate will be pushed back further.
- 2.5. With an increased level of commissioning undertaken by the Council, more services are being delivered by partners and private sector contracts. Contractual obligations are often linked with the Retail Price Index (RPI) or the Consumer Price Index (CPI). During 2015⁴, CPI remained at or around 0%, and was at its highest in January (0.3%) and at its lowest in April, September and October (-0.1%). RPI for the year was 1.0%, at its highest (1.2%) in December and at its lowest in October (0.7%). Further details regarding how we have calculated our inflationary increases within our identified cost pressures are included within the robustness of estimates paper elsewhere on this agenda.
- 2.6. The Spending Review 2015 continued the Government's focus on joint working and sets out details of plans to prioritise the integration of the National Health Service and social care in order to improve services for patients and deliver efficiencies. The Better Care Fund (BCF) was announced as part of Spending Round 2013 and has provided the foundations for this development, enabling services to be jointly commissioned across health and care. The Government has confirmed that the BCF will continue in 2016-17, frozen at the same level as 2015-16, and from 2017-18 allocations of an "Improved Better Care Fund" will be made to Local Government, rising to £1.5bn by 2019-20. By 2017, all parts of the country are expected to have drawn up plans for the integration of health and social care, to be implemented by 2020. The Government has recognised that different approaches to this will be appropriate in different areas with models ranging from devolution (such as in Greater Manchester), to local partnerships, or local lead commissioners managing budgets in line with a local plan.
- 2.7. At this stage negotiations continue on the level of the BCF for 2016-17. Colleagues in Health are still working through the impact of their funding allocations for 2016-17 on the BCF. It is considered that there are significant risks around £7.1m of funding received in 2015-16 that has been earmarked to protect adult social care and which was expected to continue in 2016-17 as part of the financial planning assumptions. Any reduction in this amount from Health, will further increase the savings to be found from adult social care budgets in 2016-17.

⁴ <http://ons.gov.uk/ons/rel/cpi/consumer-price-indices/december-2015/index.html>

3. The Government's deficit reduction programme 2010-2015

- 3.1. In order to reduce the national deficit, Departmental Expenditure Limits have seen significant reductions since the Government's Spending Review 2010 (SR10), released in October 2010 and covering the period 2011-12 to 2014-15. The Spending Round 2013 in June 2013 set similarly challenging targets for 2015-16.
- 3.2. During this time, Local Government funding has been reduced by more than other departments within the public sector and this has shaped our budget planning for the last five years. For Norfolk County Council, this equated to a reduction of £123.791m in core funding from Government (the Settlement Funding Assessment) between 2010-11 and 2015-16.

4. The Government's deficit reduction programme 2016-2020

- 4.1. The Chancellor of the Exchequer announced the outcomes of the Spending Review 2015 on Wednesday 25 November. The Spending Review set out plans for departmental budgets for the next four years, up to the next general election in 2020. This announcement incorporated the annual Autumn Statement. The Spending Review has confirmed that the period of shrinking government finance and cuts to local government funding is set to continue. The Government has achieved around half the spending reductions it plans as part of its ongoing "fiscal consolidation".
- 4.2. The Spending Review confirmed the Government's plans to continue to reduce the budget deficit over the period from 2016-17, in order to deliver a planned budget surplus of £10.1bn in 2019-20. Improvements in forecasts for tax receipts and lower debt interest have enabled the Government to plan a "smoother" path for fiscal consolidation, meaning that on average departmental spending will fall by less than half the rate of the previous five year period.
- 4.3. Nonetheless, the Spending Review confirmed that local government departmental expenditure limit (which includes Revenue Support Grant) funded by central government is planned to decrease by 56% in real terms from 2015-16 to 2019-20, although this is expected to be offset in part by increased Business Rates and Council Tax. As a result, the Government anticipates overall local government spending to rise by £0.2bn in cash terms (from £40.3bn in 2015-16 to £40.5bn in 2019-20), representing a total real terms decrease of 6.7%, based on current inflation forecasts. It is important to note that this overall outcome is based on Government assumptions about local decisions to raise Council Tax, and forecasts for growth in the Council Tax base, which may not be achieved.
- 4.4. The Provisional Local Government Finance Settlement published on 17 December, has provided a greater degree of certainty about future funding levels for local authorities through the offer of a four-year settlement for those councils making long-term financial plans. Further details are set out in the section on Resource and Efficiency Plans (section 6.4) later in this report.

5. Local factors

5.1. The Council has responded to these national challenges through the development of “Re-Imagining Norfolk” which sets out a direction for the Council to radically change its role and the way it delivers services. This commits the Authority to delivering the Council’s vision and priorities, working effectively across the whole public sector on a local basis, and will ensure that the Council’s budget of £1.4bn is spent to the best effect for Norfolk people. Work on Re-imagining Norfolk will continue in 2016-17, taking into account the resources available to the Council, central government policy and local circumstances.

5.2. There are a number of local factors that impact upon services provided or commissioned by Norfolk County Council and therefore affect our budget, yet are outside of our control, which are shown below under the following headings:

- Demographics
- Local Economy
- Information Technology
- Ecology

5.2.1. *Demographics*

5.2.1.1. Norfolk's population is estimated at 877,700 in mid-2014 – an increase of around 6,700 on the previous year.

5.2.1.2. Over the decade from 2004, Norfolk's population has increased by 7.6%, compared with an increase of 9.3% in the East of England region and 8.2% in England.

5.2.1.3. Over the decade, in terms of broad age groups, numbers of children and young people in the county (aged 0-17) rose marginally, numbers of working age adults (aged 18-64) increased by around 19,100, and numbers of older people (aged 65 and over) increased by around 39,200 (23.6%).

5.2.1.4. The estimates for mid-2014 confirm that Norfolk's population has a much older age profile than England as a whole, with 23.4% of Norfolk's population aged 65 and over, compared with 17.6% in England.

5.2.1.5. The ONS 2012-based population projections are trend-based, and on this basis, over the next decade there is projected growth of 60,600 people in Norfolk – this is an increase of 7% which is below both the national projected increase of 7.2% and the East of England region projected increase of 8.7%. Norfolk's oldest age groups are projected to grow the quickest in the next decade – with the 75-84 year olds projected to increase by 32.9% and the 85 and overs projected to increase by 39.7%. Although numbers of children aged under 15 are also projected to increase, overall there is little change projected over the decade for younger adults and the middle aged. The rising numbers of young people will in particular put pressure on Children’s Services and lead to increased demand for provision of school places.

- 5.2.1.6. The age structure of the population varies across Norfolk's local authority areas, but in the main, Norfolk has an ageing population. As the proportion of the population who are old or very old increases, so too do demands on health and social care. The challenges include the increased prevalence of long term conditions such as diabetes and dementia, and the increased likelihood of injury should an older person fall. For example, over the next ten years the number of people aged 65 and over with dementia is forecast to increase by about 4,500 across Norfolk, to around 18,200. As people live longer the chance of something going wrong with their health increases. For society this means that we will have to work towards enabling older people to maintain their independence while managing the demands that deteriorating health will bring.
- 5.2.1.7. Looking further ahead to 2037, there is projected growth of 140,400 people in Norfolk – this is an increase of 16.2% which is similar to the national figure but below the East of England region projected increase of 20.1%.
- 5.2.1.8. For both timescales, the largest increase in numbers is projected to be in South Norfolk, and the smallest increase in numbers is projected to be in Great Yarmouth. Norfolk's population is projected to exceed one million by 2036.
- 5.2.1.9. Further demographic information is provided in Appendix D.
- 5.2.2. *Local Economy*
- 5.2.2.1. The Council's priorities place the people of Norfolk at the forefront of our plans and investments and we must ensure that everything the Council does improves people's opportunities and well-being. The County Council's administration has identified four priorities for the Authority to focus on:
- **Real jobs** – leading to sustainable employment that offers security, opportunities and a good level of pay.
 - **Good infrastructure** – promoting improvements to our transport and technology infrastructure to make Norfolk a great place to do business.
 - **Excellence in education** – including training and preparation for employment.
 - **Supporting vulnerable people** – better at targeting those who most need our help and support.
- 5.2.2.2. The Council's Economic Development and Strategy team (EDS) contributes to all four of these priorities and has a supporting aim of **promoting, securing and managing funding to support Norfolk's economic growth.**
- 5.2.2.3. To support these priorities the following initiatives are relevant:
- 5.2.2.4. Pursuing **devolution** from central government

This area of work supports the delivery of all four priorities. The devolution, to local areas, of responsibility for economic development and public service reform is a central plank of the current Government's policy and is considered to be a key contributor to deficit reduction and increasing productivity. In pursuit of this, all Norfolk and Suffolk councils separately submitted expressions of interest to Government in September 2015. Government strongly encouraged us to consider a joint Norfolk, Suffolk and LEP bid and were given a very short window in which to put together a joint position.

Since then, and building on the partnership agreement signed in 2013 committing both authorities to working more closely together, all 16 councils across Norfolk and Suffolk and the LEP have made significant progress in a short space of time, collaborating to potentially secure an ambitious devolution deal involving the transfer of significant powers for:

- Education, employment and skills;
- Assets and infrastructure (including Flooding and Transport);
- Housing and planning;
- Productivity, business support and inward investment; and
- Health, care and safety.

Devolution will deliver new opportunities for the people of Norfolk and Suffolk, place decision-making where it should be – locally, not in Whitehall – and enable us to accelerate the delivery of economic growth and prosperity. If a deal is agreed and ratified by all councils we will work with Government to develop a full implementation plan, covering each area agreed in the deal, to deliver the transfer of powers.

5.2.2.5. Real jobs

The County Council has a target for 2015-16 of 200 jobs arising from successful inward investment enquiries that the team has handled. As at the end of Q3, 177 of the 200 had been secured.

In addition, the Council's two enterprise hubs at Hethel and Scottow also seek to attract inward investment and higher value, higher skilled jobs.

In March 2016, **Hethel Engineering Centre** will have been established 10 years. Initiated and wholly owned by the Council to address a market failure in the engineering sector, the Centre has established itself as regional engineering – and increasingly innovation – hub and has an impressive track record, expanding twice and responsible for:

- The provision of 72,000 square feet of employment space, 86% of which is occupied (100% projected by summer 2016);
- The creation of 678 new high skilled jobs and the safe-guarding of a further 123; and
- 128 new businesses starting up and 174 being incubated at the Centre. Of these, 88% are still operating after 5 years.

Much of this has been supported by a successful bid to the EU ERDF programme, for which EDS provided match-funding. The outcome of a further bid for the period 2015-2018 is awaited.

Where **Scottow Enterprise Park** (the former RAF Coltishall) is concerned, as outlined in the previous Medium Term Financial Strategy, our economic aims for the site are to return some land to agricultural use (generating £0.027m per annum) and develop new homes and business premises (employment area - £0.500m per annum).

Central to the development plans is the 49.9 megawatt solar farm, which has the potential to generate income for the County Council in excess of £10m over 25 years. Development of the farm is progressing well – and sustainably, with sheep grazing provided beneath the panels. The Council has agreed this money will be reinvested into the site to operate and maintain it, create jobs, safeguard the important heritage assets, bring forward proposals to open up public access and ultimately create further revenue in the future.

Securing Enterprise Zone status for Scottow will also considerably enhance its attractiveness to potential investors (see next paragraph).

An exciting win in 2015-16 was our successful bid to Government, in conjunction with New Anglia LEP, for **four new Enterprise Zones sites and the expansion of the existing, highly successful, Zone in Great Yarmouth and Lowestoft**. Being an 'Enterprise Zone' gives a site significant advantages, making it attractive to potential tenants and strengthening the Norfolk investment offer:

- Up to 100% business rate discount, worth up to £275,000 per business over a 5 year period;
- Simplified local authority planning, for example, through Local Development Orders that grant automatic planning permission for certain development (such as new industrial buildings or changing how existing buildings are used) within specified areas;
- Government support to ensure that superfast broadband is rolled out throughout the zone, and, if necessary, public funding; and
- 100% enhanced capital allowances (tax relief) to businesses making large investments in plant and machinery on 8 Zones in Assisted Areas (of which Great Yarmouth is one).

The new Zones are: Norwich Research Park, Scottow Enterprise Park, Egmore Business Zone (south of Wells-Next-The-Sea) and Nar Ouse Business Park in King's Lynn. Also secured was an extension to the existing Great Yarmouth and Lowestoft Enterprise Zone, covering existing sites at Beacon Park and South Denes Energy Park in Great Yarmouth.

5.2.2.6. Infrastructure

The Council is part of the **Greater Norwich Growth Board** (GNGB) along with other local authorities (Norwich, Broadland and South Norfolk) and the New Anglia Local Enterprise Partnership. The GNGB oversees delivery of the Greater Norwich City Deal, which has a focus on the provision of the technical infrastructure to encourage the further development of the Norwich Research Park. It is expected that the City Deal will support 300 new businesses and deliver 13,000 jobs and 3,000 homes to the area, along with 6,000 jobs in construction.

£80m of funding from the Public Works Loan Board is available to the partners at a discounted rate to go towards the infrastructure for growth. Infrastructure investment will include provision of a new secondary school, additional primary school places, improvements to highways – especially the A47, green infrastructure and other community facilities. It is expected to deliver an additional £100m of private sector investment to support business growth.

To date the Greater Norwich Growth Board has approved 24 schemes for delivery through the Growth Programme with a further 4 approved in principle for delivery in 2017-18. In total the Board has committed £8,330,000 from the Infrastructure Investment Fund (the pooled Community Infrastructure Levy across the area) to 2020, subject to the collection of further information on scheme cost and delivery. In addition 2 further schemes, totalling £50m were approved at the 24 September 2015 Board meeting which will be supported by the borrowing described above.

The Greater Norwich Growth Board has also agreed in principle to progress 6 loans to developers for infrastructure required to unlock on-site delivery totalling £22.1m.

These interventions will bring additional income to the Council through increased council tax and business rates plus items such as New Homes Bonus.

Other infrastructure developments this year, have included:

- Completion of the Postwick Hub, the higher capacity junction that will unlock thousands of jobs and new homes in the area, and provides the link to the A47 for the recently-approved Norwich Northern Distributor Road (NDR).
- Securing the final funding package for the NDR, a key element of the [Transport for Norwich](http://www.norfolk.gov.uk/Travel_and_transport/Major_projects_and_improvement_plans/Norwich/index.htm)⁵ project, opening up road capacity for other travel and transport improvements in and around the city.
- Work on the A47 priorities agreed in the report to Environment Development & Transport Committee in January 2015. Committee

⁵http://www.norfolk.gov.uk/Travel_and_transport/Major_projects_and_improvement_plans/Norwich/index.htm

agreed that the Council's focus would be to work with Highways England to facilitate delivery of the schemes in the programme, and that the Council's priorities for sections of the A47, not included in the programme are: Acle Straight dualling, Tilney to Middleton dualling. Council subsequently identified a £1m sum to support the development of A47 improvements.

- Highways England are working on the first phase of developing the schemes for delivery. At present they anticipate delivery of the major schemes (Vauxhall Roundabout, Thickthorn Junction, and Blofield to Burlingham and North Tuddenham to Easton dualling) by the end of the decade, although they have agreed to assess whether some of the schemes could be brought forward.
- The team is also engaging in rail issues, in particular refranchising of the East Anglia services and infrastructure programmes, to ensure, as far as is possible, that priority infrastructure schemes that benefit the county are progressed as quickly as possible. Particular priorities are the programmed schemes to deliver Norwich in 90 and works at Ely.

5.2.2.7. Skills

In April 2015 a small team transferred to Economic Development & Strategy services from Children's Services whose role is to:

- Support the Apprenticeships Norfolk Network, a group of training providers, schools, intermediaries and employers seeking to promote apprenticeships in the county;
- Lead Norfolk's input to the LEP Skills Board;
- Lead on employer engagement with schools; and
- Develop Norfolk local skills information, on behalf of the LEP.

The team includes four 'Advanced Apprentices', whose role is to promote apprenticeships to local employers. Apprenticeships are a key issue economically, as, from April 2017 the government will introduce a levy on large UK employers to fund the new apprenticeships. The levy will support all post-16 apprenticeships in England and will provide funding that each employer can use to meet their individual needs. It will only be paid on employers' pay bills over £3m and will apply to the County Council.

For the academic year August 2014 to July 15, Norfolk's apprenticeship starts increased by 16% (7,290 against the previous year's figure of 6,270). This compares with a national increase of only 14%. Growth has largely been at Level 3 and above, which is where the Norfolk jobs market has most need, and fits with our aim of creating higher value jobs. Most significant increases in numbers have been in Health and Social Care and Engineering and Manufacturing – two key demand-led and higher value sectors, respectively.

5.2.2.8. Securing and managing funding to deliver Norfolk's priorities

European Structural and Investment Funds are designed to improve economic growth, business competitiveness and employment opportunities and social well-being across Member States of the EU. Nearly €6.2bn of Structural and Investment Funds are available to the UK for the period 2014-2020 and Local Enterprise Partnerships have developed strategies for the use of these funds in their local areas. **New Anglia has been allocated around £80m (€110.8m) of EU funding for investment in Norfolk and Suffolk.** The County Council plays a key role in helping to promote the funds, facilitate bids and evaluate proposals to go forward for funding.

As mentioned in last year's report, Norfolk County Council was successful in bidding to become the first English managing authority of a cross-border programme, the **France (Channel) England Interreg Va Programme 2014-2020**. Key priorities for the programme are to increase the uptake of innovative and low carbon products, to enhance and protect coastal water ecosystems and to increase the quality and the effectiveness of service delivery to the most socially and economically disadvantaged groups. The Programme has an overall budget of €315m and work is progressing smoothly to evaluate and approve the first round of bids.

In addition, the Council is the accountable body for the next **LEADER programme** (worth £9.3m to 2020), which aims to:

- Improve the environment and the quality of life in rural areas
- Help rural micro and small businesses to create and sustain employment within the area
- Improve competitiveness, particularly in the agriculture and forestry sectors

The first applications are now being assessed for consideration at local stakeholder group meetings being held between January and Mar 2016.

With funding from Government and from other sources diminishing, external funds are an increasingly important funding source for the County Council. The County Council has therefore adopted a strategy for generating income to support our key priorities through bids to National and European funding programmes. Led by a recently established **Corporate Bid Team**, our strategy is to develop corporate and service led priorities that lend themselves to support through external funding. This requires capacity building in services through running bid writing and project management training, and developing a clear focus in our approach. Bids must:

- Be designed to save NCC money;
- Develop and support the redesign of services;
- Be sustainable when funding is withdrawn;
- Clearly address an outcome objective;

- Focus on priorities and be cost neutral; and
- Clearly meet the criteria of the funding body.

5.2.3. *Information Technology*

- 5.2.3.1. The use of technology and better sharing of data and resources across the Council and with partners is considered fundamental to future development and delivery of services for Norfolk. The organisation continues to roll out the work defined within its partnership agreement with HP, and its key partners Microsoft and Vodafone, to bring about the Digital Norfolk Ambition (DNA) project.
- 5.2.3.2. One of the aims of the DNA initiative will be to break down existing communication barriers between organisations and establish a secure 'Information Hub' which will allow the joining and sharing of data across Norfolk to help public services plan more effective services – targeted at those most in need. The wider information management strategic vision is where Norfolk County Council delivers accurate, timely and reliable information readily available to support service delivery and policy making, allowing:
- employees to understand the importance of good information management;
 - key stakeholders, partners and the public to have confidence that information is held and processed securely and shared effectively; and
 - the public to be empowered to make their own choices to be more independent and less reliant on the County Council.
- 5.2.3.3. By introducing a collaboration tool within the council, Sharepoint, internal and external collaboration has started to drive teams working together and sharing information in a more open but compliant manner.
- 5.2.3.4. As part of the Customer Services Strategy, a corporate Customer Relationship Management (CRM) system is being implemented, and to support this a new corporate website and Customer Account Portal (MyNorfolk) is being developed and implemented to allow citizens to have greater control of their interactions with Norfolk County Council that meets their needs. These systems will support the provision of citizen-centric information in a robust and compliant manner to enable services to provide an integrated customer experience.

5.2.4. *Ecology*

5.2.4.1. Waste

Waste treatment costs remain a significant pressure for the County Council, which continues to prioritise the diversion of waste from landfill, with new arrangements for 2016-17 meaning that zero waste will be sent direct to landfill. The aim of the waste service is to reduce the amount of waste that is left over and to reduce the cost of providing services to deal with left over rubbish. This will involve working with partners to reduce the amount of waste and improve

recycling performance as well as seeking to further improve the unit cost of each element of the service. However, the long term trends for household numbers in Norfolk as well as effects of the general economy, consumer confidence and weather patterns remain uncertain. These variables, as well as things such as changes in legislation, can all have a major effect on the cost of this service which have been reflected in budget plans. Further details regarding residual waste projections are included in Appendix C.

5.2.4.2. Flooding

Norfolk has nearly 100 miles of coastline and over 7,500 km of rivers and watercourses, which leaves Norfolk vulnerable to tidal surges and fluvial flooding. The risk from surface water flooding is also a significant issue, as approximately 34,000 properties in Norfolk are estimated to be at risk from flooding during a rainfall event with a 1 in 100 annual chance of occurring.

In November 2015, the Department for Communities and Local Government published the Government's response to the consultation on changes to the Bellwin scheme of emergency financial assistance to Local Authorities. This confirmed the Government's plans to retain permanent lower thresholds for compensation and a 100% grant rate for the reimbursement of costs incurred above the threshold. The Government also confirmed that Upper Tier authorities with Fire responsibilities would be treated in the same way as standalone Fire authorities, and made changes to the timescales for claims and the treatment of some capital costs. New guidance is due to be published to reflect these changes.

The threshold for Norfolk was £1.246m in 2015-16, which compares to the previous scheme threshold of £2.152m. The serious flooding incident of December 2013 that affected parts of Norfolk resulted in estimated additional costs incurred by the authority of £0.252m, which would fall below both the proposed and existing scheme thresholds. The Government will publish the thresholds for 2016-17 alongside the final Local Government Finance Settlement in February.

6. Organisational factors

6.1. *Organisational structure and governance changes*

- 6.1.1. The County Council has implemented changes to the organisation's senior management structure as approved by the Council at its meeting 20 October 2014. The structure is based on five Executive Directors reporting to the Managing Director, and includes the following departments: Children's Services; Adult's Services; Community and Environmental Services; Resources; and Finance. This structure provides a focused senior management team, with a representation better suited to reflect the Council's focus on service delivery, performance and finances. Statutory officer roles report to the Managing Director in fulfilling their statutory responsibilities.

6.1.2. Further work is now underway as part of the Re-imagining Norfolk strategy, which sets out how the Council will deliver its four priorities and redesign services over the next three years. It brings together all the work that has been undertaken on Re-imagining Norfolk – defining priorities, and developing departments' plans which map how services will contribute to the priorities and deliver on their core service responsibilities. Services have undertaken, and in some cases are in the process of completing, further organisational and service reviews below the top tier to achieve better streamlining of functions and continue the ongoing process of improving management structures and performance.

6.1.3. The results of the elections in May 2013 saw the Authority moving from a Conservative controlled authority to an authority where no party has overall control.

6.1.4. Following agreement by the County Council on 25 November 2013, a Committee system of governance was implemented to replace the previous Cabinet system. The Council's senior management structure is aligned to the Committee structure. The 2016-17 budget represents the second year for which the budget has been considered under the new Committee system.

6.2. *Children's Services response to Ofsted assessments*

6.2.1. In October 2015, the Council received the published Ofsted report from the inspection Ofsted carried out in July 2015. This judged some areas of Children's Services to be inadequate. Children's Services Committee considered an Ofsted Improvement Plan at its meeting 26 January 2016 in order to respond to Ofsted within the statutory timescales. The plan was developed through a robust process of consultation and co-production with staff and partner agencies, incorporating the voice of children and young people through representative groups. Ofsted have offered advice through an Improvement Seminar at which they indicated the plan addresses their recommendations.

6.2.2. In their recent inspection, Ofsted recognised the "significant improvements" already made in the county, particularly in the Council's child protection and early help work and in overall leadership and management. The final judgement was based on underdeveloped services for children in and leaving our care. In conjunction with the Commissioner for Children's Services appointed in December 2015, Children's Services is undertaking intensive and extensive improvement activities in these areas. The Improvement Plan represents a set of priorities for Children's Services that will focus the use of existing financial resources. No additional resources are required to deliver the Ofsted Improvement Plan. However, focusing resources on successfully implementing the Plan may create cost pressures elsewhere in the service budget.

6.3. *Consultation with citizens*

6.3.1. The Council launched its public consultation on the 2016-17 to 2018-19 savings proposals and budget as part of "Re-imagining Norfolk" in October 2015. As part of this process a dedicated website (see below) was established, to enable

the public and stakeholders to give their views and stay updated on new developments. All saving proposals identified by committees were published on the website. This included information about the Council's efficiency proposals and early drafts of equality and rural assessments.

6.3.2. The public was encouraged to respond in a number of ways:

- Online using our consultation tool, Citizenspace
- By email to a dedicated email address
- On Twitter using #norfolkbudget
- On Facebook using the NCC Facebook page
- By phone via our Customer Service Centre
- Through their local county councillor
- By post by writing to us using a freepost address

6.3.3. Where particular groups of service users were likely to be affected by a proposal, the Council contacted them directly. For example, all current users of adult social care transport services were contacted in writing to outline the proposal relating to adult social care transport – around 2,400 people in total. The Council also attended partner meetings to present the consultation to their clients and ran seven fully accessible consultation events in the north, south, east, west and Norwich – these events, aimed at potentially vulnerable service users, their carers and others, gave people an opportunity to ask questions and highlight how the proposals could affect them. In summary, 3,101 people or organisations responded, with over 15,110 individual comments being made. Full details of the consultation responses are set out in a separate report on this agenda.

6.4. *Resource and efficiency plans, service pressures and savings*

6.4.1. Strategies are in place and developed for services across the organisation. It is essential that other plans and strategies are aligned to resource plans and are developed in line with the Medium Term Financial Strategy and the overarching Re-imaging Norfolk strategy elsewhere on the agenda.

6.4.2. The Provisional Local Government Finance Settlement has provided a greater degree of certainty about future funding levels for local authorities through the offer of a four-year settlement for those councils making long-term financial plans. This welcome additional certainty provides the Council with the opportunity to plan service delivery and changes to services with a greater degree of confidence. Detailed saving and efficiency proposals are set out in the Revenue Budget report elsewhere on this agenda, and the planned savings for 2016-17 to 2019-20 are summarised in Appendix E. Nonetheless, the reductions in the Council's Settlement Funding Assessment set out in the four year settlement remain extremely challenging, with the most significant reductions occurring in the first two years (2016-17 and 2017-18), as shown in the table below.

Table 1: Reductions in Settlement Funding Assessment

	2015-16 Adjusted	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assessment	287.507	250.382	222.587	206.963	192.498
Percentage reduction on previous year		-12.91%	-11.10%	-7.02%	-6.99%

6.4.3. Whilst the four-year settlement offers a degree of additional certainty for Council budget planning, the significant pressures on local authority budgets mean that further savings and efficiencies will need to be identified to deliver a balanced budget for future years. Any further funding arising from additional support for social care, or which may become available to be distributed as a result of improvements in the overall national economic position, would enable the development of more robust and resilient future year budgets.

6.4.4. Savings are being delivered through a range of approaches. The table below categorises the savings by type. Efficiency related savings continue to be targeted as a priority. Detailed categorisation of these savings is shown in Appendix E.

Table 2: Categorisation of savings

	2016-17	2017-18	2018-19	2019-20	Total 2016-20
	£m	£m	£m	£m	£m
Back office savings sub total	-34.147	-26.547	-40.675	-1.000	-102.369
Front line savings sub total	-7.840	-3.142	-1.831	0.000	-12.813
Total savings	-41.987	-29.689	-42.506	-1.000	-115.182

6.5. *General and Earmarked Reserves and provisions*

6.5.1. General reserves are an essential part of good financial management and are held to ensure that the Council can meet unforeseen expenditure and respond to risks and opportunities. The level of reserves held has been set at a limit consistent with the Council's risk profile and with the aim that Council Tax payer's contributions are not unnecessarily held in provisions or reserves.

6.5.2. Earmarked Reserves support the Council's planning for future spending commitments. In the current climate of limited resources, the planned use of Earmarked Reserves anticipates a reduction in the level of Earmarked Reserves over the life of the Medium Term Financial Strategy. Further details of the anticipated use of Earmarked Reserves are included in the Statement on the adequacy of Provisions and Reserves 2016-20 elsewhere on this agenda.

6.5.3. As part of the 2016-20 budget planning process, a detailed review has been undertaken in respect of each of the reserves and provisions held by the Council. Details of this review are also contained in the Statement on the

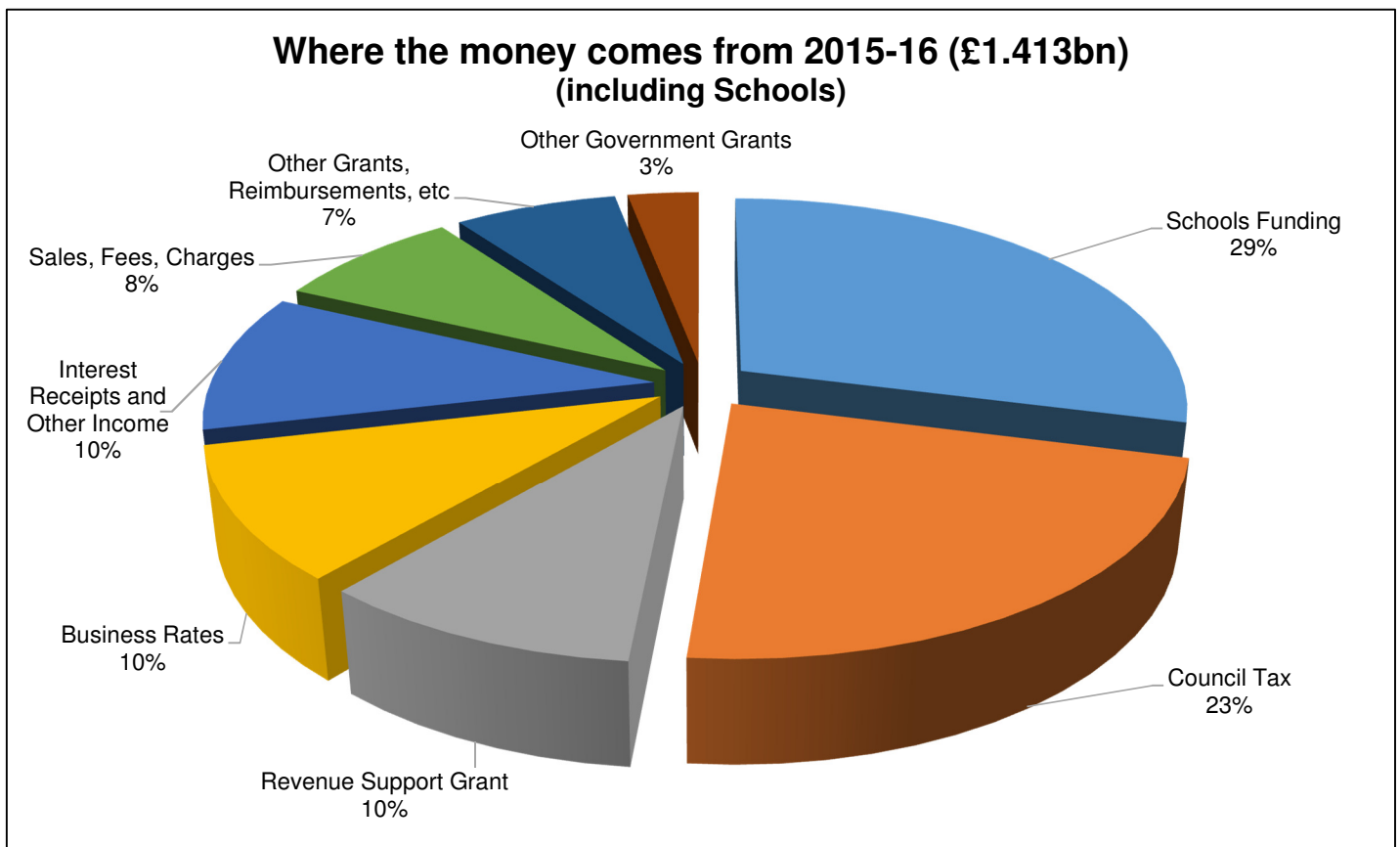
adequacy of Provisions and Reserves elsewhere on this agenda. When taking decisions on utilising reserves, it is important to acknowledge that reserves are a one-off source of funding. Once spent, reserves can only be replenished from other sources of funding or reductions in spending. Therefore reserves do not represent a long term solution to the continued funding reductions facing the Council.

7. Local Government Funding

7.1. Local Government funding has three major components:

- money received through Council Tax;
- money received through partial retention of locally generated Business Rates; and
- money redistributed by Government in the form of Revenue Support Grant (RSG) and specific grants.

7.2. Councils also generate income through sales, fees and charges. The breakdown of this funding in 2015-16 is shown in the pie chart below.



Business Rates (10%)

7.2.1. The business rates retention scheme was introduced in April 2013. There is now a direct link between local business rates growth and the amount of money councils have to spend on local people and local services. To provide an

element of stability, business rates baselines are fixed to inflationary rises until 2020 and the scheme uses a system of tariffs and top ups that protects upper tier authorities somewhat, as a large proportion of income comes from an indexed linked top up.

- 7.2.2. Local authorities benefit from 50% of business rates growth (or indeed suffer the consequences of business rates decline) in their area. The new scheme is designed to incentivise local authorities into stimulating growth. It is complex, involving a system of tariffs, top-ups and levies, however, at its simplest, for every £100 change in rates in Norfolk, £50 would go to central government, £40 to the district councils and £10 to Norfolk County Council.
- 7.2.3. To maximise investment in Norfolk through retention of business rate growth, Norfolk County Council has entered into a pooling agreement with six of the seven district and borough councils. Further details on this are included in Appendix B.
- 7.2.4. The primary challenge within the current scheme is the level of financial risk that councils face due to appeals and business rate avoidance, with little scope for these risks to be managed under the current arrangements. Some Councils are of the view that the risks outweigh the rewards available to councils through incentives to grow the local economy. The Government is currently seeking to deliver a more efficient business rates appeals system, based on a simplified “check, challenge, appeal” process. A consultation on these proposals closed in January 2016.
- 7.2.5. In respect of the 2016-17 budget, a number of factors have impacted on District’s Business Rate estimates including actual 2015-16 collection being lower than previously estimated, and an increase in the value of provisions for appeals, particularly in relation to GP’s surgeries. These have resulted in a number of late changes to District’s Business Rate estimates, with a knock-on effect on the Section 31 grant that the Council will receive. These changes in 2016-17 are reflective of the increased volatility and uncertainty in the system for local authorities.
- 7.2.6. The Retail Price Index (RPI) inflation measure is used to uprate the business rate multiplier each financial year based on the figure for the previous September, subject to a cap of 2% in recent years. In 2015-16 business rate multiplier was capped at 2%. In 2016-17 the business rate multiplier has been announced as 0.8%, in line with the September 2015 RPI figure.
- 7.2.7. Other fully funded business rate policy changes were also announced within the Autumn Statement such as:
- Small Business Rates Relief will be extended to April 2017; it was due to end April 2016.
 - Plans to abolish the Uniform Business Rate and fully localise business rates, so that Local Government will keep all the revenue from business rates.
 - The Government will report on the Business Rates review by the Budget 2016.

7.3. *Revenue Support Grant (RSG) (10%)*

- 7.3.1. As the local share of business rates has been fixed until 2020, in order to manage reduction in the overall Local Government Departmental Expenditure Limits, any changes to the Settlement Funding Assessment are addressed through changes to the RSG amount.
- 7.3.2. The amount of funding the Council receives is published as the Settlement Funding Assessment. As shown in the table below, the Council is heavily reliant on RSG and therefore cuts to this funding stream have a significant impact on the budget. The proportion of funding received through RSG is forecast to reduce rapidly over the next few years, however the allocations shown in the table do not reflect the Government's planned move to full retention of Business Rates, which will incorporate the ending of funding via RSG. The Government is expected to announce further details of these changes in due course.
- 7.3.3. As part of the 2016-17 Provisional Local Government Finance Settlement, the Government announced significant changes to the methodology for the distribution of reductions in RSG. This includes publishing a new measure of "core spending power" which is intended to more closely reflect the resources over which Councils have discretion, and includes the Settlement Funding Assessment, New Homes Bonus, the local government element of the Improved Better Care Fund, Rural Services Delivery Grant and the Council Tax Requirement. Core funding has been used as a mechanism to distribute reductions in Revenue Support Grant to ensure that within each tier of Local Government (upper-tier, lower-tier, fire and rescue, and GLA other services), authorities of the same type receive the same percentage change in settlement core funding. The inclusion of Council Tax in this calculation represents a significant change in Government policy.
- 7.3.4. The Government has also rolled a number of funding streams into the Settlement Funding Assessment. This includes 2015-16 allocations of Care Act funding. As a result, the Government has published updated figures for 2015-16, and the table below therefore shows Norfolk's adjusted 2015-16 RSG, which provides a comparable figure for the allocations for 2016-17 onwards, and was announced at the same time as the 2016-17 provisional settlement. The Council's actual RSG for 2015-16 was £279.113m, of which £138.416m was RSG and £140.698m Baseline Funding.

Table 3: Settlement Funding Assessment

	2015-16 Adjusted		2016-17		2017-18		2018-19		2019-20	
	£m	%	£m	%	£m	%	£m	%	£m	%
Settlement Funding Assessment	287.507	100.0%	250.382	100.0%	222.587	100.0%	206.963	100.0%	192.498	100.0%
<i>Received through:</i>										
Revenue Support Grant	146.809	51.1%	108.511	43.3%	77.926	35.0%	58.035	28.0%	38.810	20.2%
Baseline Funding Level	140.698	48.9%	141.870	56.7%	144.661	65.0%	148.928	72.0%	153.688	79.8%
<i>Via Top-Up</i>	<i>114.729</i>		<i>115.685</i>		<i>117.961</i>		<i>121.441</i>		<i>125.322</i>	
<i>Retained Rates</i>	<i>25.969</i>		<i>26.185</i>		<i>26.700</i>		<i>27.488</i>		<i>28.366</i>	

7.4. Specific grants (7%) and schools funding (29%)

7.4.1. The table below summarises the amount of specific grants expected to be received in 2016-17, along with indicative figures for 2017-18 to 2019-20. The allocations for the years beyond 2016-17 have not yet been confirmed by the Government. Ring-fenced funding below includes funding to schools. Further details can be found in Appendix F.

Table 4: Grants and Council Tax

	2016-17 Provisional £m	2017-18 Indicative £m	2018-19 Indicative £m	2019-20 Indicative £m
Un-ring-fenced	27.239	28.004	26.762	27.363
Ring-fenced	630.569	629.541	628.498	628.498
Council tax (assuming Council Tax increase annually in line with OBR forecast of CPI and 2% Adult Social Care precept)	338.960	349.260	364.525	380.791

7.4.2. Further details of significant specific grants are detailed below:

Ring-fenced grants

7.4.3. **Public Health** – the Spending Review has confirmed that Public Health grant will continue to be ring-fenced grant in 2016-17 and 2017-18 for public health services. The Government has indicated that Public Health funding may be included within the Business Rates Retention Scheme in future. Public Health covers a wide range of services that may be provided directly to communities

or to other organisations that deliver services supporting the health and wellbeing of our population.

- 7.4.4. In addition to existing ring-fenced Public Health funding, funding was transferred from NHS England to Local Authorities for the commissioning of 0-5 children's Public Health services on 1 October 2015. This represented the final part of the transfer of public health responsibilities to Local Government. It totalled £6.893m for the second half of 2015-16, with the full year allocation for 2016-17 projected to be £13.786m (the actual figure is likely to be £13.214m). This funding is being used to meet the additional responsibilities following the transfer.
- 7.4.5. Public Health grant allocations for 2016-17 have not yet been announced. A letter from Public Health England, on 27 November 2015, indicated the overall amount for 2016-17 would be reduced by 2.2% from the 2015-16 baseline which assumed 0-5 funding was available for the whole year and took account of a £200m in-year reduction nationally.
- 7.4.6. **Dedicated Schools Grant (DSG)** – The DSG for 2016-17 was announced in December and has been based on the funding model introduced in 2013-14. Further details about the funding model are included within the 2016-17 Revenue Budget report, elsewhere on this agenda.
- 7.4.7. The Government has announced DSG for 2016-17 totalling £560.260m, this compares to a total DSG allocation of £552.547m in 2015-16. The DSG is before academy recoupment.
- 7.4.8. **Pupil Premium Grant (PPG)** – In 2016-17, primary Free School Meals (FSM) 'Ever 6' pupils will attract £1,320, which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £935 will be allocated for secondary FSM 'Ever 6' pupils. FSM 'Ever 6' allocations in 2015-16 were £1,320 and £935 respectively. FSM 'Ever 6' pupils are those who have been registered for free school meals at any point in the last six years.
- 7.4.9. The pupil premium plus (for looked after children) will remain at £1,900 per pupil in 2016-17. The eligibility was expanded in 2014-15 to include those who have been looked after for one day or more, and from 2015-16 was widened further to include children who have been adopted from care or have left care under a special guardianship, residence or child arrangement order. Schools will receive £1,900 for each eligible pupil adopted from care who has been registered on the school census and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.
- 7.4.10. Children with parents in the armed forces will continue to be supported through the service child premium. In 2016-17, the service child premium will continue to be set at £300 per pupil.

Un-ring-fenced grants

- 7.4.11. **NHS funding (Better Care Fund)** – Better Care Fund (BCF) allocations have been frozen for 2016-17 although detailed allocations have not yet been announced. The Spending Review set out details of an improved Better Care Fund which includes additional investment for local authority BCF allocations from 2017-18.
- 7.4.12. Funding has been pooled for Health and Social Care services to promote closer joint working in local areas in line with Better Care Fund plans agreed between the NHS and local authorities. This funding is used to commission services for local health and social care needs, as determined by the Health and Wellbeing Boards. The Better Care Fund has a proportion of performance related funding dependent upon the achievement of targets to reduce emergency hospital admissions. NCC has entered into pooled fund arrangements with each of the Clinical Commissioning Groups and negotiations about the distribution of the available funding are currently underway.
- 7.4.13. Colleagues in health are still working through the impact of their funding allocations for 2016-17 on the BCF. At this stage there are significant risks around £7.1m received in 2015-16 that has been earmarked to protect adult social care and which was expected to continue in 2016-17 as part of the financial planning assumptions. Any reduction in this amount from Health, will further increase savings to be found from adult social care budgets in 2016-17.
- 7.4.14. The Social Care Capital Grant will be ceasing from 2016-17. The expectation based on a statement by the Department of Health, is that this will be replaced by an increase to the Disabled Facilities Grant (DFG). Prior to the Better Care Fund, the DFG was provided directly to District Councils to undertake their role as housing authorities. In 2015-16 this was incorporated within the Better Care Fund, but was passported to Districts Councils in full, reflecting the unchanged role. For 2016-17 more information will required to understand the component of the DFG and how this should be distributed as part of the Better Care Fund. Announcements are expected shortly on the value and arrangements for the Disabled Facilities Grant (DFG).
- 7.4.15. **Local Reform and Community Voices grant** – allocations for this grant, which consists of three funding streams (Deprivation of Liberty Safeguards in Hospitals; local Healthwatch funding; and funding for the transfer of Independent Complaints Advocacy Service to local authorities) have not been announced. It may be that the grant has been reduced or removed for 2016-17. It has been confirmed that Deprivation of Liberty Safeguards one-off revenue funding received in 2015-16, will not be repeated in 2016-17.
- 7.4.16. **Care Act Funding grant** – this grant has ceased in 2016-17, being rolled into the main Revenue Support Grant allocation. As part of the financial settlement for 2015-16 additional identifiable funding of £285m was provided nationally for implementation of the Care Act from 1 April 2015, with Norfolk's share being £5.529m. From 2016-17 £307.7m has been rolled into the revenue support grant with Norfolk's share being £5.485m. At this stage there is no

information available to explain why the funding level has been reduced but a likely explanation is that the 2016-17 allocation has been based on the relative needs formula for adult social care where the 2015-16 allocation was based on specific methodology developed to support the implementation of the Care Act.

7.4.17. **Social Care in Prisons grant** – the Social Care Act establishes that local authorities are responsible for assessing and meeting the care and support needs of offenders residing in any prison, approved premise or bail accommodation within its area. This grant is to provide additional funding to undertake this new burden. The provisional settlement indicates that this specific grant will continue in 2016-17, although allocations have not been announced.

7.4.18. **Education Services Grant** – is paid to local authorities and academies based on the number of pupils they are responsible for, to buy services previously provided by the local authority. For 2016-17 the grant has been reduced as a result of a lower per pupil allocation and the ongoing impact of academisation. This however does not reflect the fact that the Council retains a number of the associated responsibilities, including for example provision of the attendance service, for which the Council is responsible regardless of a school's Academy status.

7.4.19. **New Homes Bonus Funding** – is a grant paid by central government to local councils for increasing the number of homes and their use. The New Homes Bonus is paid for each new home, annually for 6 years. It's based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

7.4.20. 2016-17 will see the Council receive a full 6 years payment for the first time for the houses built in 2011-12. The scheme currently anticipates that following this, as each new financial year is added, one will be removed. However, following the Spending Review 2015, the Government has published a consultation "New Homes Bonus – Sharpening the Incentive", which proposes changes to the New Homes Bonus in order to better reflect authorities' delivery of new housing. It also seeks views on reducing the number of years in which the current and future years are made. The changes to New Homes Bonus are intended to enable £800m to be transferred nationally to support authorities providing adult social care. It is anticipated that any changes to the New Homes Bonus would take effect from 2017-18, and may potentially be phased in over a period of time. No adjustments have been made to reflect these proposed changes at this point, due to the uncertainty around the final scheme design.

7.5. *Council Tax (23%)*

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

7.5.2. In recent years, the Government has sought to influence Councils to hold down Council Tax through the provision of a Council Tax Freeze Grant. For next year the Government has signaled a change in policy in that no Council Tax Freeze Grant is being offered for 2016-17. Instead, the Government has confirmed that those authorities with responsibility for social care will have increased flexibility to raise an additional Adult Social Care precept of 2%, on top of their existing discretion to raise Council Tax within the referendum limit, currently also 2%.

7.5.3. The Government's new methodology for allocating funding reductions in the Settlement Funding Assessment in fact makes assumptions about the growth in local authorities' funding from Council Tax, and in particular assumes that councils will raise Council Tax by both CPI and (where applicable) the Adult Social Care precept, alongside significant assumed increases in the tax base. Councils which fail to raise Council Tax in this way will be increasingly underfunded against the Government's funding expectations. For Norfolk County Council, an increase in Council Tax of £76.901m is forecast in the Government's assumptions by 2019-20 compared to the 2015-16 baseline – amounting to a 24.7% increase in the funding from Council Tax across the period. The achievability of such significant increases is not certain.

7.5.4. Further details about Council Tax are included in Appendix A.

8. Revenue strategy and budget

8.1. The primary objective of the Medium Term Financial Strategy 2016-20 is to show a balanced four year budget. At present further savings or additional revenue funding need to be identified to meet the shortfall shown in 2017-18 and 2019-20 below:

Table 5: Budget surplus / deficit

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Additional cost pressures and forecast reduction in Government grant funding	73.467	55.140	47.203	42.828
Council Tax base increase	-20.532	-10.300	-15.265	-16.266
Identified saving proposals and funding increases	-52.935	-32.340	-57.186	-14.281
Budget gap (Surplus) / Deficit	0.000	12.500	-25.248	12.281

8.2. The Council's revenue budget plans will enable a balanced budget for 2016-17, but a deficit will remain of £12.500m in 2017-18, a surplus of £25.248m in 2018-19 and a deficit of £12.281m in 2019-20 (a small cumulative surplus of £0.467m). The Medium Term Financial Strategy is to ensure a four year balanced budget to aid forward planning and help mitigate financial risk. The detailed timetable for the identification of the required savings and future year budget setting is set out in the Revenue Budget report elsewhere on this agenda.

8.3. The Government's announcement of four-year funding allocations for local authorities provides a welcome degree of additional certainty for medium-term financial planning. However, the first two years of the settlement include the most significant reductions for the Council and increased funding from the Improved Better Care Fund does not begin to appear until 2017-18. Uncertainties and risks remain around a number of key areas:

- local negotiations to agree shares of the Better Care Fund;
- development of local plans for the further integration of health and social care;
- the progress of the devolution agenda nationally and Norfolk's joint devolution bid with Suffolk.
- the growth assumptions for Council Tax included in the Government's methodology for the distribution of funding reductions;
- expected reforms to New Homes Bonus from 2017-18; and
- plans for the full retention of Business Rates by the end of the parliament.

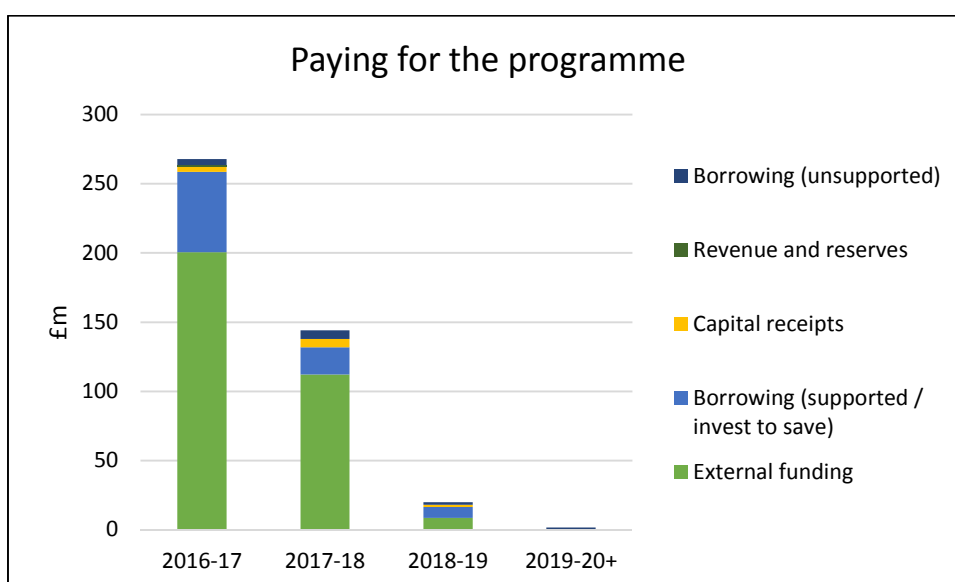
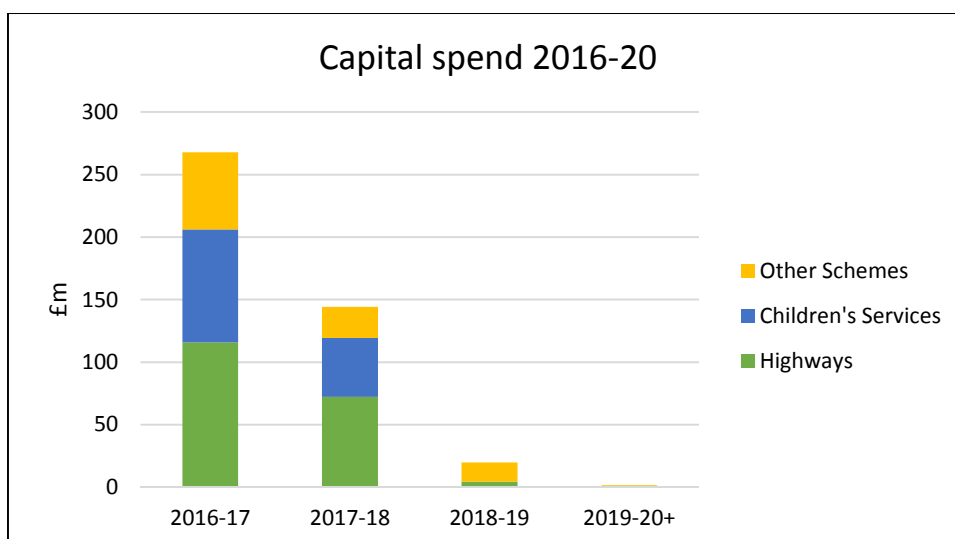
9. Capital strategy and budget

9.1. The Capital Strategy provides a framework for the allocation of resources to support the Council's objectives. The key aims of the Capital Strategy are to:

- provide a framework for identifying and prioritising capital requirements and proposals;
- provide a clear context within which proposals are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities;
- consider options available to maximise funding for capital expenditure whilst minimising the impact on future revenue budgets; and
- identify the resources available for capital investment over the medium term.

9.2. A proposed capital programme of £433.618m is included elsewhere on the agenda.

9.3. The bar charts below show the split of capital spend and how it is funded.



9.4. The main use of capital receipts over the next three years is for the Northern Distributor Road (NDR), together with farms capital maintenance. The NDR will cost £60.340m over and above government and other grants, reserves and revenue contributions. £40m will be funded through prudential borrowing supported by Community Infrastructure Levy (CIL) developer contributions and £2.5m has been funded from reserves. Of the remaining £17.840m approximately £8.4m of capital receipts have been applied to the project, leaving a balance of £9.4m unallocated general capital receipts to be found. This equates closely to the forecast for total available capital receipts over the next 3 years.

9.5. *County Farms*

9.5.1. The County Farms Estate is managed in accordance with the policy approved by Full Council in October 2014. The size of the estate has been maintained in excess of 16,000 acres. The Farms Estate generates circa £1.800m annual rent income for the Council and this is projected to rise to £2.000m. After deducting direct landlord's expenditure in maintaining and improving the Estate, and the

cost of management, a net contribution of £0.500m is made to the Council's revenue budgets.

9.5.2. £2 million from the County Farms reserve was transferred during the 2015-16 financial to support corporate priorities.

9.5.3. A programme of planned improvements is continuing to be implemented, funded both from the Capital Programme for larger schemes and from the trading account for revenue improvement schemes. In the 2015-16 the estimated expenditure of capital and revenue improvements amounts to just over £1.000m.

10. Medium Term Financial Strategy post-budget setting

10.1. After the budget is set at the County Council meeting in February, the information contained within the following reports elsewhere on the agenda will be amalgamated into the Medium Term Financial Strategy:

- Robustness of estimates 2016-20;
- Statement on the adequacy of provisions and reserves 2016-20;
- 2016-20 Revenue Budget;
- Capital Programme 2016-20 (including Prudential Indicators); and
- Annual Investment and Treasury Strategy 2016-17.

11. Equality Impact Assessment

11.1. In making recommendations to Full Council about the budget, Policy and Resources Committee must give due regard to eliminating unlawful discrimination, promoting equality of opportunity and fostering good relations between people with protected characteristics and the rest of the population. The assessment of equality impact of the budget proposals is included in a separate report to this Committee.

12. Summary

12.1. The information included in both this report and other reports to Policy and Resources Committee needs to be considered when Policy and Resources Committee recommend a budget to County Council. Issues that need to be considered and where decisions are required are:

- Additional Costs and Savings Options
- Level of General Balances
- Level of Reserves and Provisions
- Robustness of Estimates
- Overall level of the 2016-17 Revenue Budget and proposals for 2017-18 to 2019-20
- Overall level of the 2016-17 to 2019-20 Capital Programme
- Prudential Code Indicators for 2016-17
- Minimum Revenue Provision Statement

- Discount on Second Homes
- Level of the Council Tax / Precept for 2016-17 and for the period 2016-17 to 2019-20
- Implications of the Revenue Budget for 2017-18 to 2019-20
- Responses to savings proposals from the Budget Consultation
- Outcome of equality impact assessment

13. Issues, risks and innovation

- 13.1. **Legal implications** – Statutory requirements relating to individual proposals have been reported to Service Committees in January 2016. Legal requirements in relation to setting the budget and level of Council Tax have been set out within this report and are considered to be met.
- 13.2. **Risks** – The risks associated with the budget proposals were reported to Service Committees in January 2016 and to this Committee in the separate report on the Robustness of Estimates. Reports on the Robustness of Estimates and the Statement on the Adequacy of Provisions and Reserves also set out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of General Balances.

Background Papers

Provisional Local Government Finance Settlement 2016-17 and future years:
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>

Officer Contact

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

Officer Name:	Tel No:	Email address:
Simon George	01603 222400	simon.george@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk



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

Council Tax

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

Council Tax Freeze Grants 2011-12 to 2015-16

For the period 2011-12 to 2015-16, the Government adopted policies which sought to promote a freeze of Council Tax. This included funding Councils who chose to freeze Council Tax for their citizens through varying levels of Council Tax Freeze Grant. However, this has meant that Council Tax has not kept pace, which is not sustainable in the long term.

To illustrate this point, the table below shows how much Council Tax Freeze Compensation has been received in each year. It shows, for example, that the Council Tax Freeze Compensation in 2012-13 was only payable in 2012-13. If the Council had increased Council Tax by 2.5% in 2012-13, we would not have received the Council Tax Freeze Compensation in that year, but we would have received the equivalent income in 2012-13 and every year thereafter.

Scheme	Value (%)	Amount payable each year				
		11-12	12-13	13-14	14-15	15-16
		£m	£m	£m	£m	£m
11-12	2.50%	8.532	8.532	8.532	8.532	8.483
12-13	2.50%		8.624	0.000	0.000	0.000
13-14	1%			3.478	3.478	3.491
14-15	1%				3.512	3.512
15-16	1%					3.542

The 2013-14 Council Tax Freeze Compensation (CTFC) was added to the 2014-15 Local Government Departmental Expenditure Limit (LG DEL), and 2014-15 CTFC was added into the 2015-16 LG DEL. Similarly, the 2015-16 CTFC of £3.542m has been added into the 2016-17 LG DEL this year.

Whilst this provides some certainty around the continuation of receipt of this level of funding, once specific grants are transferred into the LG DEL, there is no guarantee that we will receive the same amount, as the grants are no longer ring-fenced and we are no longer able to identify the funding as a separate amount.

Future Government funding reductions to the LG DEL will be then be applied to the total LG DEL amount (including the rolled in CTFC relating to 2013-14, 2014-15 and 2015-16). This means that the CTFC is not guaranteed funding in the same way that a local decision to increase Council Tax would have been. The council is therefore exposed to Government decisions.

Council Tax

Council Tax Assumptions and Core Spending Power for 2016-17 onwards

For next year the Government has signaled a change in policy in that no Council Tax Freeze Grant is being offered for 2016-17. Instead, the Government has confirmed that those authorities with responsibility for social care will have increased flexibility to raise an additional Adult Social Care precept of 2%, and also set out plans to include an Authority's ability to raise funding from Council Tax as part of its calculations for the distribution of funding via the Settlement.

The Government has previously published details of changes in spending power, which included the Better Care Fund and Public Health Grant. This year the Government has introduced a replacement measure of core spending power, which consists of:

- Settlement Funding Assessment (Business Rates Baseline Funding and RSG);
- New Homes Bonus;
- The local government element of the Improved Better Care Fund (from 2017-18);
- Rural Services Delivery Grant; and
- Council Tax Requirement

Core funding is thus intended to more closely reflect the resources over which councils have discretion.

In 2016-17 the assessment of core funding has been used as a mechanism to distribute reductions in Revenue Support Grant to ensure that within each tier of Local Government (upper-tier, lower-tier, fire and rescue, and GLA other services), authorities of the same type receive the same percentage change in settlement core funding. The inclusion of Council Tax in this calculation represents a significant change in Government policy. The Spending Review document stated that this is intended to *"rebalance support including to those authorities with social care responsibilities by taking into account the main resources available to councils, including council tax and business rates."*⁶

Analysis by the Society of County Treasurers has identified that amongst authorities with social care responsibilities, shire counties experience the greatest loss of funding in the settlement as a result of the inclusion of the council tax requirement in the funding distribution calculation. This is due to the gearing effect whereby shire counties tend to derive a higher proportion of their funding from Council Tax. For shire counties the new calculation means an average reduction in Revenue Support Grant of 30.0% from 2015-16 to 2016-17 (on an adjusted basis, the average reduction in RSG for Shire Counties amounts to 34.1%). However, as a result of Norfolk's relatively low percentage of core funding from Council Tax (51.5% in 2015-16), the Council is comparatively protected from this, facing a reduction of 21.60% to RSG (26.09% adjusted).

⁶ *Spending Review and Autumn Statement 2015*, para 1.242, p59,
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

Council Tax

By using core funding as a mechanism for the distribution of funding in 2016-17, the Government has effectively assumed that:

- Councils will raise Council Tax in line with the Office for Budget Responsibility's (OBR) forecast for CPI inflation (an annual average of 1.74% over the period)
- Relevant councils will raise the maximum 2% Adult Social Care precept in each year.
- Average annual growth rates in the Council Tax base between 2013-14 and 2015-16 will recur for the period to 2019-20.

Therefore any decision to raise Council Tax by less than the government's inflation assumptions, or a decision not to exercise the full discretion to raise a social care precept, will lead to progressively greater underfunding of Councils through the Spending Review period. In addition, no Council Tax Freeze Grant is on offer for 2016-17, and historic allocations for Council Tax Freeze grants have been rolled into the main settlement funding streams, increasing the incentive for Councils to raise Council Tax.

The table below sets out the Council Tax increases being assumed in the Provisional Settlement, which include an assumption for both annual increases in line with CPI, plus growth in the Council Tax Base. A 1.2% increase in Council Tax, in line with the OBR's assumptions about CPI published at the Spending Review, would raise approximately £3.800m for Norfolk in 2016-17.

	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m
Council Tax for previous year in DCLG spending power assumptions	311.433	321.328	333.173	345.794
DCLG assumed Council Tax increase including tax base growth and levels increasing by CPI	9.895	11.845	12.621	13.451
Total DCLG assumed Council Tax for year (excluding amounts for Adult Social Care)	321.328	333.173	345.794	359.245
Cumulative additional Council Tax revenue from 2% precept for Adult Social Care	6.344	13.253	20.812	29.089
Grand Total DCLG assumed Council Tax including Adult Social Care precept	327.672	346.426	366.605	388.334

Calculation of Council Tax 2016-17

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

Council Tax

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

Council Tax Increase of 3.99% in 2016-17

(2% Adult Social Care Precept, 1.99% General increase)

District Council	Tax Base	Collection Fund Surplus / (Deficit)	Precept	Total Payments Due
		£	£	£
Breckland	41,111.80	3,548,691.00	48,955,520	52,504,211
Broadland	44,666.00	171,000.00	53,187,826	53,358,826
Great Yarmouth	26,722.00	524,000.00	31,820,290	32,344,290
King's Lynn and West Norfolk	47,939.90	805,365.00	57,086,354	57,891,719
Norwich	34,322.00	572,752.00	40,870,294	41,443,046
North Norfolk	37,940.00	1,260,585.00	45,178,573	46,439,158
South Norfolk	45,353.00	972,559.00	54,005,899	54,978,458
Total	278,054.70	7,854,952	331,104,756	338,959,708

Pooling

Norfolk County Council is currently part of a Business Rates Pool with Breckland District Council, Broadland District Council, Borough Council of King's Lynn & West Norfolk, Norwich City Council, North Norfolk District Council and South Norfolk District Council. Norwich City Council joined the pool from April 2015. The following authorities are designated as a Pool of authorities for the purposes of the scheme for local retention of business rates:

- Breckland District Council
- Broadland District Council
- Borough Council of Kings Lynn and West Norfolk
- Norfolk County Council
- Norwich City Council
- North Norfolk District Council
- South Norfolk District Council

All authorities have agreed to establish a Business Rates Pool for Norfolk for the purpose of using pooled resources (retained levies) to make strategic investments designed to support Norfolk priorities within the LEP Strategic Economic Plan and to support Norfolk's economic growth strategy.

The Pool does not include all Norfolk councils, but it is committed to a Norfolk wide approach and the role of Pool Board, responsible for governance and decision making, is being undertaken by the current Norfolk Leader's Group, which includes all Norfolk councils.

The extension of the Pool supports the wider economic plan for Norfolk and provides a countywide commitment to utilise this financial flexibility to provide real financial investment to support economic growth projects including projects that will lead to:

- Job creation
- Further business rates growth
- Housing growth
- Improved skills and qualifications
- New business creation and expansion

If a member of the Pool decided it no longer wished to be designated as part of the Pool for 2016-17 it was required to notify DCLG by 15 January 2016. If any council in the Pool requests a revocation of the designation before this date, the rest of the Pool cannot continue. The Secretary of State will then revoke the designation and all local authorities identified as part of the Pool would revert to their individual settlement figures.

Residual Waste Projections

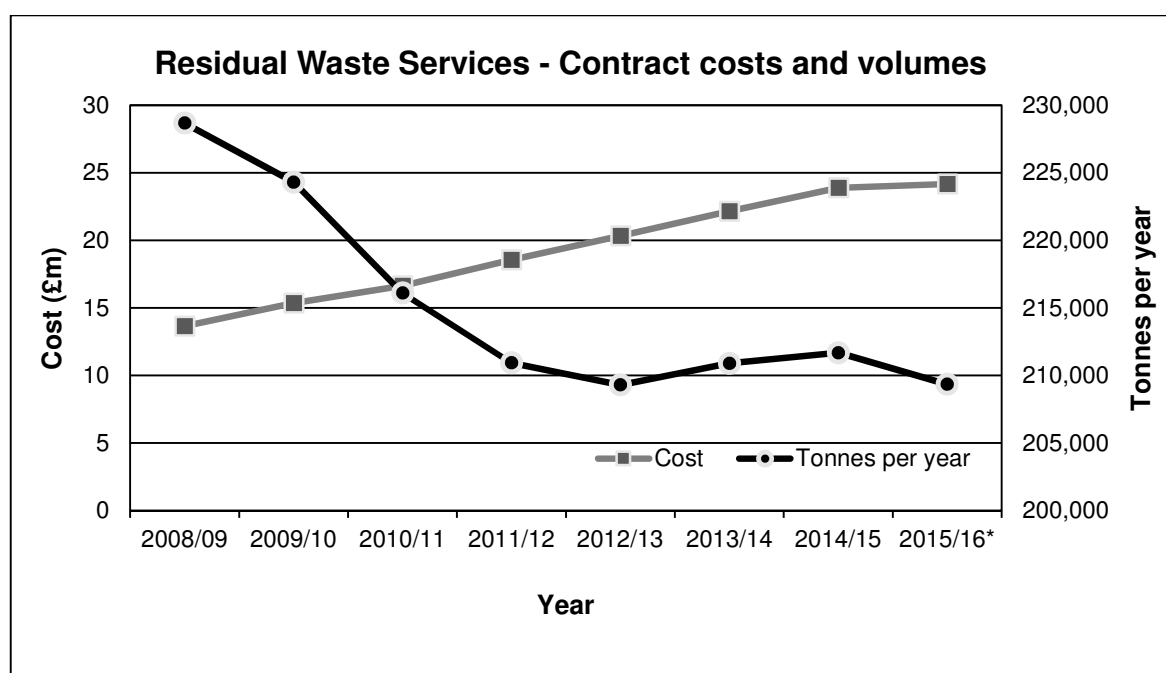
The County Council is responsible for dealing with the rubbish collected by local authorities in Norfolk that is left over after waste reduction, recycling and composting initiatives.

Unless measures are put in place by the County Council with its partner local authorities to reduce the amount of waste or improve recycling, then increases in households and the effects of economic growth will mean that residual waste volumes and the cost of dealing with waste will increase significantly.

The volume of residual waste in 2015-16 is currently projected to be around 209,349 tonnes of waste which is slightly lower than the previous year. This small reduction coincides with 2015-16 being the first full year of the improved recycling service provided by the district, city and borough councils to all householders in Norfolk, which was introduced only halfway through 2014-15.

This decrease is therefore unlikely to be an indicator of future trends because it is largely attributable to this local event, as there is no evidence to suggest that any similar reduction has been observed outside Norfolk. This reduction may therefore mask the continuing effects of increases in household numbers, consumer confidence and an upturn in the economy which tend to increase the amount of waste generated.

The graph below shows the cost of the service in recent years for the amount of waste sent for a combination of treatment and landfill disposal via arrangements the County Council has in place.



It is important to note that the cost of the service is not just driven by how much residual waste the County Council must deal with but also by the unit costs of the service. As the graph above shows, the overall cost of the service has continued to increase even in years when the amount of residual waste has decreased. This was mainly driven by the landfill tax increasing at £8 per tonne a year in this period until 2013-14 and in line with RPI since then.

Residual Waste Projections

New interim arrangements commencing in 2016-17 that last to 2019-20 mean that:

- The cost of the service will drop by around £2m to around £22m based on current service volumes.
- All residual waste will be sent for treatment with zero waste being sent direct to landfill.
- Contract rates up to 2019-20 are clear for each year in advance because the contractors have priced in their view of how inflation will affect their operational overheads.
- The agreement with Suffolk County Council for one fifth of the total service volume is linked directly to its contract costs which are variable and the costs of this will be reviewed in detail on an annual basis.

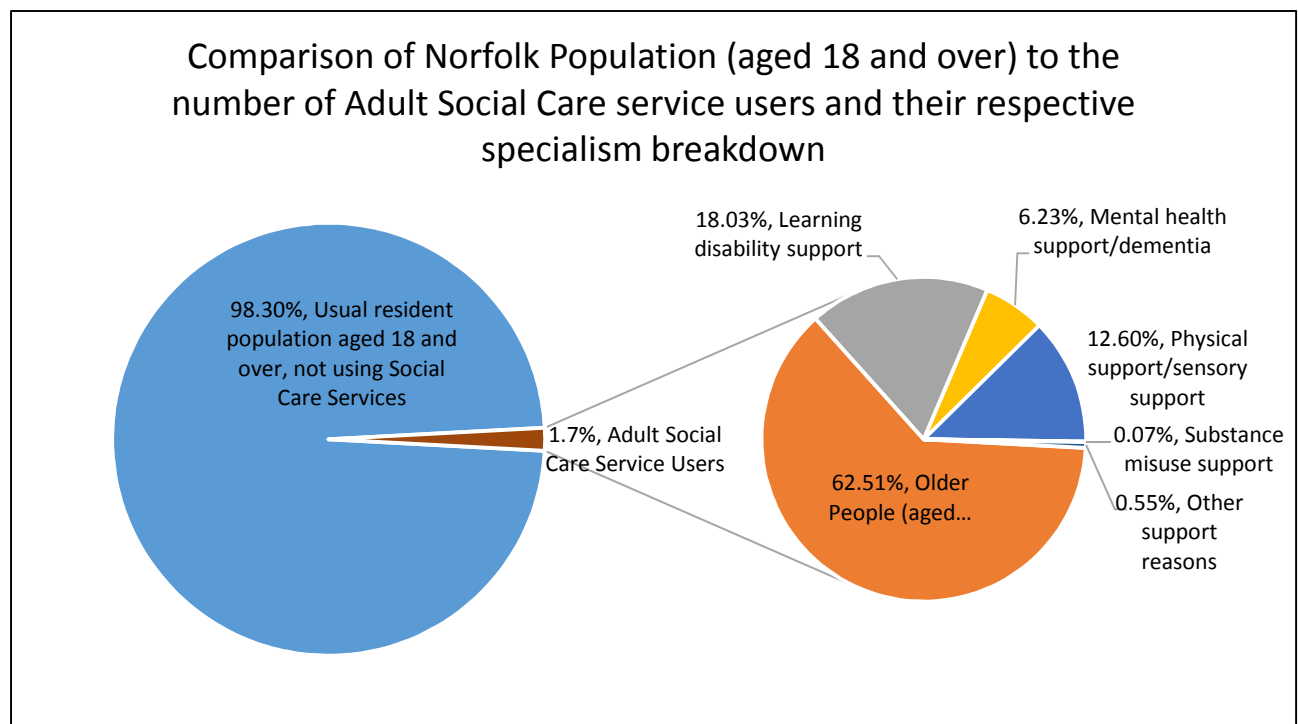
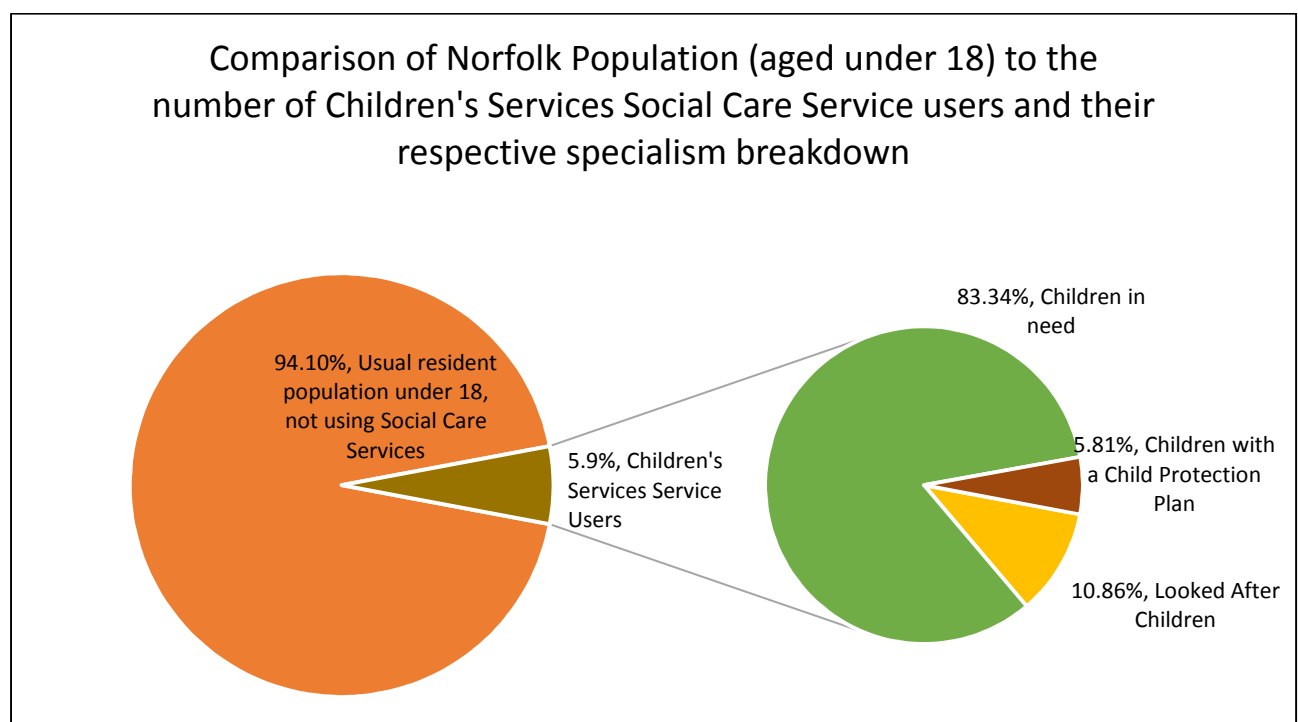
The current forecast of 209,349 tonnes for 2015-16 has been reflected in the forward plan for 2016-17. However, the long term trends for household numbers in Norfolk as well as effects of the general economy, consumer confidence and weather patterns remain uncertain. These variables, as well as things such as changes in legislation, can all have a major effect on the cost of this service in any given year, meaning that the suitable approach to managing budgets for this service is to make justifiable and evidence based allowances in medium and longer term plans that are continually subject to review.

An increase of 65,000 new houses is expected between 2013 and 2026. Unless performance is influenced this could lead to an increase in residual waste of around 32,500 tonnes, adding around £20m to the waste disposal bill for the period 2013-2026 (based on current costs) and before the effects of increasing prices are taken in to account, e.g. through market forces, as a result of legislation or taxation or through inflation.

To help mitigate these effects the aim of the waste service is to reduce the amount of waste that is left over and to reduce the cost of providing services to deal with left over rubbish. The objective is that by 2018-19:

- Residual waste will be reduced by 1kg+ per household per week. This is a reduction of more than 10% on current levels and can be achieved by a combination of improved recycling performance and waste reduction initiatives.
- An associated £2m reduction in the cost of the service will be delivered to help mitigate the effects of a service volume increase associated with housing and economic growth.

This will require additional measures to be put in place by the County Council with its partner local authorities to reduce the amount of waste and improve recycling performance as well as seeking to further improve the unit cost of each element of the service.

Demographic Information**Adults Demographic Information⁷****Children's Demographic Information⁸**

Population data: Mid 2014 ONS estimates, Service data: 31/03/2015

⁷ Adults' service data: categories are now defined by someone's primary reason for support, which is a change from previous years. Also note that these are people with an ongoing funded service, so unlike previous years will exclude anyone supported as a one-off or for short defined period.

⁸ Children's service data: figures for children in need and child protection are provisional.

Categorisation of savings proposals

	2016-17	2017-18	2018-19	2019-20	Total
	£m	£m	£m	£m	£m
Organisational Change – Staffing	-1.859	-3.863	-5.955	0.000	-11.677
Organisational Change – Systems	-13.720	-18.331	-24.832	0.000	-56.883
Procurement	-0.227	0.000	0.000	0.000	-0.227
Shared Services	0.303	0.000	0.000	0.000	0.303
Capital	-2.855	-0.135	-6.357	0.000	-9.347
Terms & Conditions of employees	-0.205	0.000	0.000	0.000	-0.205
Income and Rates of Return	-16.812	-7.846	-3.431	-1.000	-29.089
Assumptions under Risk Review	1.228	3.628	-0.100	0.000	4.756
Back office savings sub total	-34.147	-26.547	-40.675	-1.000	-102.369
Reducing Standards	-5.210	-2.642	-1.831	0.000	-9.683
Cease Service	-2.630	-0.500	0.000	0.000	-3.130
Front line savings sub total	-7.840	-3.142	-1.831	0.000	-12.813
Total	-41.987	-29.689	-42.506	-1.000	-115.182

The Council's budget planning was initially undertaken on the standard three year planning basis, however following announcement of a four-year funding allocation, details for 2019-20 have been added for high-level planning purposes. At this point only limited savings proposals for 2019-20 have been identified; these will be further developed during 2016-17.

Specific Grants

The table below details the amount of specific grants to be received in 2016-17 and 2017-18 and 2018-19. Some grant allocations have not yet been confirmed and we have made assumptions in 2016-17 where the box is highlighted. The Government has not released information for 2017-18 or 2018-19, and the figures for these years are therefore indicative only.

Grant	2016-17 Provisional Settlement £m	2017-18 Indicative £m	2018-19 Indicative £m	2019-20 Indicative £m
Un-ring-fenced				
Section 31 Grant (compensation for Government business rate initiatives)	3.243	3.243	3.243	3.243
New Homes Bonus	4.958	4.986	3.006	2.870
New Homes Bonus adjustment	0.342	0.342	0.342	0.342
Education Services Grant	6.855	6.855	6.855	6.855
Fire Revenue	1.004	1.004	1.004	1.004
Inshore Fisheries	0.152	0.152	0.152	0.152
Local reform and community voices	0.563	0.563	0.563	0.563
Extended rights to free travel (Local Services Support Grant)	0.722	0.722	0.722	0.722
PFI Revenue Grant (street lights; salt barns and schools)	8.046	8.046	8.046	8.046
Social Care in Prisons	0.371	0.371	0.371	0.371
New: Rural Services Delivery Grant	0.983	1.720	2.458	3.195
Un-ring-fenced sub total	27.239	28.004	26.762	27.363
Ring-fenced				
Public Health	40.555	39.527	38.484	38.484
Dedicated Schools Grant	560.262	560.262	560.262	560.262
Pupil Premium Grant	29.752	29.752	29.752	29.752
Ring-fenced sub total	630.569	629.541	628.498	628.498
Locally collected tax (forecasts)				
Council tax (assuming increases for Adult Social Care precept 2% and 1.99% in 2016-17, CPI 2017-18 2018-19 2019-20)	338.960	349.260	364.525	380.791
Business Rates	24.817	25.305	26.052	26.884
Pooled funding				
NHS Funding (incl. Better Care Fund)	56.381	58.266	72.209	84.753

Shaded figures remain to be confirmed.

*DSG is before Academy recoupment.