

# Norfolk County Council

Date: **Monday 17 February 2020**

Time: **10.00 a.m**

Venue: **Council Chamber, County Hall, Norwich**

## Supplementary Agenda

### **5 Norfolk County Council Revenue and Capital Budget 2020-21 to 2023-24**

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## Labour Group: County Council Budget Amendments 2020-21

### **Summary advice from Section 151 Officer:**

*The Labour Group amendments to the 2020-21 Budget are presented as 10 separate motions. Individual commentary is provided on the financial viability of each motion.*

*However, it should also be noted:*

- In general, a number of the motions propose drawing on the Adults Business Risk Reserve and the cumulative impact of this would need to be considered in the event that these were passed. There is an estimated balance in the reserve of £4.508m at 31 March 2020, with an expected net £0.423m to be drawn from the reserve during 2020-21, leaving a balance of £4.085m. The Adults Business Risk Reserve provides flexibility to support the budget in future years and mitigates risks to savings delivery within the overall Adult Social Services budget.*
- There are specific areas of overlap and/or incompatibility between the motions which have been identified in the individual advice.*
- The proposed motions 5 to 10 relating to the Minimum Income Guarantee are to a greater or lesser degree incompatible with one another, and if one of them were to be agreed, this would be likely to result in the remaining motions not being viable and needing to be withdrawn.*

### **1. Capital Programme: LED lighting**

- Allocate £15 million capital over three years to complete the LED replacement programme for street lighting over the next three years.
- Increase the interest payments in Finance General to reflect capital borrowing and MRP provision.
- Include new line of revenue savings in the CES budget c£400k a year rising to £1.2m after scheme completed.

*Advice from Section 151 Officer:*

*An investment of £15m would be sufficient to complete the LED replacement programme. However, the Council would incur the cost of borrowing to deliver the investment, which would amount to an annual cost of circa £1.2m assuming a £15m investment and a 15 year payback.*

*The overall budget for streetlighting energy is £2.7m. The proposed LED replacement programme for the remaining 31,585 non-LED street lights will be largely on street lights that have been relatively recently replaced under the PFI. These are more energy efficient than older Sodium lamps and therefore the level of anticipated saving would be lower. Following full implementation the total level of saving from the reduced energy cost is estimated to be around £0.400m to £0.600m, i.e. this will not deliver the £1.2m saving proposed.*

*In addition there would need to be discussions with the PFI contractor to consider deliverability and phasing over the proposed three year period.*

*As the costs of the proposal exceed the estimated saving, a funding option would need to be identified to cover the balance £0.600-£0.800m in order for this to proceed.*

## **2. Capital Programme: Norwich Western Link**

Remove sums allocated for development and design of the Norwich Western Link and reallocate to schemes to alleviate “rat running” in the villages at the western end of the Broadland Northway in 2020-21 including developing sustainable transport solutions to increase non car based transport and reduce carbon emissions.

*Advice from Section 151 Officer:*

*The latest estimate for the cost of progressing the Western Link Scheme included in the [report to Cabinet on 3 February 2020](#) (item 10) was for £4.055m to take the scheme through the next phase of development, procurement and planning and £2.980m for the likely cost of acquiring land. If we were to remove this funding, then work on the further development of the scheme would stop.*

*The Council has spent £4m to date on developing the scheme, this would need to be written back to revenue should the scheme not progress. There is no provision for this cost in the 2020-21 Budget and the impact would therefore be a call on the Council's General Fund to the extent that it could not be mitigated by other means.*

*A funding proposal would need to be identified to cover the £4.000m at risk in order for this to proceed, otherwise the 2020-21 Budget would not be robust.*

## **3. Revenue Budget 2020-21: Councillor Allowances**

- a) To waive the increase in councillor allowances due in April 2020 in line with the strong recommendation of the independent panel.
- b) To vire the saving to CES to be divided equally and added to the £6,000 amount councillors are currently allocated for local highway schemes increasing the amount for each councillor to £6,300.
- c) To extend the scope of the schemes councillors can finance to include projects that benefit their community including promoting environmental protection and tackling climate change.

*Advice from Section 151 Officer:*

*There would be no revenue budget impact from this proposal. The scope of the scheme could be extended, projects would need to be eligible as capital expenditure.*

*Elements of this motion (a) duplicate motion (7)(c) and would therefore be incompatible with that (if passed).*

## **4. Revenue Budget 2020-21: Leader's Office**

Remove Leader's Office growth pressure of £0.052m provided in the 2020-21 Budget.

*Advice from Section 151 Officer:*

*The removal of this funding would potentially result in one-off redundancy costs which would need to be met from the corporate provision for redundancy payments in 2020-21.*

*This motion duplicates motion (7)(d) and would therefore potentially be incompatible with that (if passed). However, there is no specific use proposed for the resources released by removing this growth pressure in the above motion and as such it would remain available to part fund motion (7).*

## **5. Revenue Budget 2020-21: Minimum Income Guarantee (1)**

- a) Roll back the cuts to Minimum Income Guarantee (MIG) for working aged adults to the level pre April 2019.
- b) Vire equal amounts from CES budgets for (Supplies and Services, Agency and Contract Services and Transport) to ASC to fund the costs.

*Advice from Section 151 Officer:*

*The planned saving (ASC046) from “revising the NCC charging policy for working age adults to apply the government’s minimum income guarantee” included provision of enhanced employment and money support services. The cost pressure of fully reversing the charging policy decision made at County Council in February 2019 would be £4.000m, however the cost pressure to reverse the saving **and** maintain the services would be £4.600m.*

*Removing £4.000m from identified CES budgets would have a significant impact on the front line delivery of services. A large proportion of the Supplies and Services, Agency and Contracts Services, and Transport budgets are committed to contracts where there is limited scope to change in the short term. Revenue spend on Highways maintenance is £7.782m (Grass Cutting, Verge Cutting, Gully Emptying etc) and the impact of taking £4.000m from here would lead to a failure to deliver statutory requirements for highway maintenance.*

*If choosing to maintain the enhanced employment and money support services, the additional £0.600m to be funded from CES budgets would further exacerbate the impact.*

*In both cases the 2020-21 Budget would not be robust.*

## **6. Revenue Budget 2020-21: Minimum Income Guarantee (2)**

- a) Reverse the changes in the budget recommendations to those recommended by Cabinet by decision on 13 January 2020.
- b) Reverse or delay MIG cuts to the full extent permitted by making use of additional funding from the council tax collection pot not accounted for in the recommendations to Council approved by Cabinet.

- c) Instruct Cabinet and Executive Directors to find in year savings to meet the budget levels recommended by Cabinet to Council at their meeting on 13 January.

*Advice from Section 151 Officer:*

*Using council tax resources from the updated forecast to reverse or delay £2.750m of the planned saving (ASC046) from “revising the NCC charging policy for working age adults to apply the government’s minimum income guarantee” would result in an equivalent saving requirement in 2020-21 to enable cost pressures in the Children’s Services budget to continue to be addressed.*

*Failing to provide for these Children’s Services pressures would result in a budget that is not robust. The inclusion of £2.750m unidentified savings to be found in-year would also not be robust, reflecting an increase in savings to be delivered in 2020-21 of 6.8%.*

*In the event that the saving were reversed (rather than delayed), this would create a cost pressure of £2.750m to be addressed in 2021-22.*

*The 2020-21 Budget would not be robust as a result of this motion.*

## **7. Revenue Budget 2020-21: Minimum Income Guarantee (3)**

Defer further planned MIG cuts for 2020-21 by:

- a) Deferring increases to residential care providers other than that required for them to meet new minimum wage levels.
- b) Using resultant savings to defer further MIG cuts for 2020-21 to the extent that permits.
- c) Viring savings from waiving the increase on councillor allowances as recommended by the independent panel.
- d) Remove Leader’s Office growth pressure of £0.052m provided in the 2020-21 Budget.
- e) Utilising reserves for any shortfall.

*Advice from Section 151 Officer:*

*The planned saving ASC046 from “revising the NCC charging policy for working age adults to apply the government’s minimum income guarantee” in 2020-21 amounts to £3.000m.*

*In respect of (a) and (b), if just the national living wage element of the provider fee uplift is provided, this would potentially release up to £4.2m. However, this would mean that providers would not receive an increase for general inflation or pay inflation for care workers paid above national living wage. This proposal would therefore pose a risk to the sustainability of the care market. Staffing costs are the biggest element of cost for all providers but the national living wage is only a part of this. Reducing the fee uplift would potentially lead to providers struggling to provide care, ceasing to offer services to the County Council, or handing back packages of care, and ultimately could result in providers not being financially viable. The care market generally is exhibiting*

*signs of reduced stability with more providers leaving the market in 2019 than before. A fee uplift below inflation would not help to stabilise this position, or support the Council's statutory duty under the Care Act 2014 to promote the efficient and effective operation of a market as a whole.*

*Waiving the 2020-21 increase in Members' Allowances (c) would provide £0.026m.*

*The removal of the Leader's Office budget growth (d) would provide £0.052m but the removal of this funding would also potentially result in one-off redundancy costs which would need to be met from the corporate provision for redundancy payments in 2020-21.*

*Subject to decisions about the level of fee uplift to be provided under part (a) of this motion, a variable level of reserves might be required to fund any remaining gap. In general, the use of one-off resources from the Adults Business Risk reserve (e) would reduce the balance available in the Adults Business Risk reserve which provides flexibility to support the budget in future years and mitigates risks to savings delivery within the overall Adult Social Services budget. In the event that the saving were deferred further, this would create a cost pressure to be addressed in 2021-22.*

*Elements of this motion part (c), (d) and (e) duplicate motions (3)(a), (4), (8) and (9)(b) and would therefore be incompatible with those (if passed).*

#### **8. Revenue Budget 2020-21: Minimum Income Guarantee (4)**

Defer further MIG cuts planned for 2020-21 by using £3m from reserves pending announcements from the government of the Fair Funding Review, Adult Care Green Paper, Comprehensive Spending Review, and other announcements by government that will influence the state of the Council's funding for future years.

*Advice from Section 151 Officer:*

*The proposal to use one-off resources from the Adults Business Risk reserve to defer the minimum income guarantee saving ASC046 from 2020-21 to 2021-22 reduces the balance available in the Adults Business Risk reserve which provides flexibility to support the budget in future years and mitigates risks to savings delivery within the overall Adult Social Services budget. In the event that the saving were deferred further, this would create a cost pressure to be addressed in 2021-22.*

*Elements of this motion duplicate motions (7)(e) and (9)(b) and would therefore be incompatible with those (if passed).*

#### **9. Revenue Budget 2020-21: Minimum Income Guarantee (5)**

- a) Amend the decision to cut MIG as planned and instead, using 2017 as the base, upgrade MIG for working aged adults with disabilities in line with the increase in councillor allowances from May 2017. Those rates to have an effective date of 1 April 2020 with no claw back from service users in any cases where there has been an overpayment.

- b) Allocate £2.5m from the Adult Social Services Business Risk reserve to finance this.

*Advice from Section 151 Officer:*

*The proposal (b) to use one-off resources from the Adults Business Risk reserve to increase the minimum income guarantee rates used by the Council, from the level defined nationally for 2017, is estimated to result in a pressure of £2.500m to be addressed in 2021-22. The use of the reserve also reduces the balance available in the Adults Business Risk reserve, which provides flexibility to support the budget in future years and mitigates risks to savings delivery within the overall Adult Social Services budget.*

*Elements of this motion part (b) duplicate motions (7)(e) and (8) and would therefore be incompatible with those (if passed).*

#### **10. Revenue Budget 2020-21: Minimum Income Guarantee (6)**

- a) In the event that MIG is not increased by government in line with any benefit increases, to upgrade MIG levels such that disabled people receive the full amount of any benefits increase and that it is not absorbed into care costs by default.
- b) To provide a contingency in reserves to allow for an increase in MIG of up to 4% in this eventuality.

*Advice from Section 151 Officer:*

*In respect of (a), Government has not yet announced the level at which the MIG is to be set. There would be future funding implications for the Council in choosing to move away from the national MIG levels. Subject to decisions about implementation, this proposal has the potential to be cost neutral but would need to be modelled to analyse both the county-wide impact and to assess the changes for all individuals. It is not possible to provide comprehensive advice on the financial implications of proposal (a) in the absence of the Government's decision about the rate, which would then need to be modelled in detail. It would also be necessary to consider the equality implications of increasing the MIG for disabled people without changing the level for older people.*

*In respect of (b), detailed modelling would be required to calculate the impact of a 4% increase in the levels of the MIG, however the cost is broadly estimated to be below £0.500m. Establishing a reserve for £0.500m would require either equivalent savings to be identified, or a reduction in other cost pressures within the Budget. In the absence of such saving proposals or reductions in cost pressures, proposal (b) would result in an unbalanced Budget for 2020-21 which would therefore not be robust.*

## **Liberal Democrat Group: County Council Budget Amendments 2020-21**

### **Amendments to Revenue Budget 2020-21**

1. £1.500m be removed from the saving for ASC046 minimum income guarantee to be funded by £1.500m from Adults Business Risk reserve.
2. £0.150m to be spent on additional funding for Road Safety and Highways including £0.050 ringfenced for Broadland Northway maintenance to be funded by £0.026m reduction in the budget for Councillors Allowances through not increasing the allowances in line with the inflationary uplift applied to salaries. A further £0.124m through phasing of the growth for Strategy and Governance - Critical capability uplift to ensure Intelligence and Analytics support across all services and through wider efficiencies.

#### *Advice from Section 151 Officer:*

*The proposed amendment (1) to use one-off resources from the Adults Business Risk reserve to remove part of the planned saving ASC046 from “revising the NCC charging policy for working age adults to apply the government’s minimum income guarantee” in 2020-21 will result in a pressure of £1.500m to be addressed in 2021-22. The use of the reserve also reduces the balance available in the Adults Business Risk reserve, which provides flexibility to support the budget in future years and mitigates risks to savings delivery within the overall Adult Social Services budget.*

*The proposed amendment (2) entails a reallocation of resources from within the 2020-21 Strategy and Governance Department’s revenue budget and the budget for Members’ Allowances. There would be no 2020-21 revenue budget impact from this proposal, however the phasing of growth for Strategy and Governance would result in a pressure of £0.124m in 2021-22.*

*The £0.500m provision for Intelligence and Analytics is being used to pay for analysts, who are directly supporting Adults’ and Children’s work in all key areas, in particular DTOC, Promoting Independence, Early Years, SCARF and statutory returns. Both departments are also being supported by Public Health insight and new Finance reports and models, which are also critical to the development of the new HR & Finance system. Delaying £0.124m of this growth would result in reduced capacity to support some of these areas in 2020-21.*

*In aggregate the proposed amendments are therefore financially viable for 2020-21 but represent a £1.624m increase in the budget gap to be closed in 2021-22, an increase in risk for the 2020-21 Budget, and a reduction in support to Service Departments and key projects from Intelligence & Analytics.*



## **Independent Group: County Council Budget Amendment 2020-21**

### **Use of Dedicated Schools Grant in 2020-21**

That the administration submit a proposal to the Schools Forum that £0.500m be taken from the Dedicated Schools Grant to fund appropriate work including pilot schemes in 2020-21 in conjunction with a small number of different Academies and Community Schools – with the necessary expertise – to address the gender gap in education (motion unanimously agreed at the 20 January 2020 [Full Council meeting](#) minute 10.4), and improve education attainment across Norfolk.

*Advice from Section 151 Officer:*

*The proposed amendment would have no financial impact on the County Council's proposed Revenue or Capital Budgets for 2020-21.*

*Decisions about the allocation of Dedicated Schools Grant are made by the Schools Forum. The proposal would require a change in the 2020-21 DSG Budget, which has already been set by the Schools Forum.*

## **Councillor Kemp: County Council Budget Amendment 2020-21**

### **Improving outcomes for Care Leavers**

Norfolk County Councillors have a responsibility as Corporate Parents to work to improve outcomes for Care Leavers. In September 2019, there were 597 Care Leavers aged 16 to 24 in Norfolk.

But only 50.5% of Care Leavers in Norfolk are in Education, Employment or Training. Some are in low-paid jobs, struggling to survive, without the family support that other young people rely on.

This amendment provides that, at minimal cost, the County Council's Employment Scheme will extend its existing service in each District to assist Care Leavers into good jobs and to progress into better-paid employment.

Cllr Kemp is working with the Clinical Commissioning Group in West Norfolk to improve job opportunities for Care Leavers at the Queen Elizabeth Hospital, and, at no or little cost, schemes with major employers and council contractors could be set up around the County, providing more security and better chance of career progression and security for Care Leavers, raising awareness with employers about the benefits of employing care leavers, and encouraging employers to guarantee a Care Leaver an interview.

**Proposal:** Expenditure of £0.007m (£0.001m per District Council area) to be added to the Children's Services budget to advance the aims as set out above. To be funded by reducing the cost pressure from the *Removal of "Finance Exchequer Services savings" P&R090 delivered through one-off measures* (Detailed on [County Council agenda](#) pages 42 and 109) by £0.007m.

*Advice from Section 151 Officer:*

*Additional efficiencies will need to be found in Finance Exchequer Services (FES) to absorb the cost and officers will work to achieve this. However, this risk can be accommodated in the overall budget.*