

Council

Date: **Monday 12 February 2018**
Time: **10.00 a.m**
Venue: **Council Chamber, County Hall, Norwich**

Supplementary Agenda

4. **Supplementary Information to Item 4 – Revenue and Capital Budget 2018-22.**

Report of the Executive Director of Finance and Commercial Services. (Page A2)

Amendments submitted by:

1. **The Labour Group** (Page A4)
2. **The Liberal Democrat Group** (Page A5)
3. **The Independent Group** (Page A7)
4. **Councillor Kemp** (Page A9)

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NORFOLK COUNTY COUNCIL

12 February 2018

Item No: 4

SUPPLEMENTARY BRIEFING FOR COUNCILLORS FROM THE EXECUTIVE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

RECOMMENDATION:

The County Council is recommended to note the additional funding arising from the Final Local Government Finance Settlement 2018-19 and agree that this be transferred into reserves as follows:

- £2.612m – Adults Business Risk reserve
- £0.786m – Business Risk reserve

These reserves to be available to support budgets in 2018-19 if required, or alternatively to mitigate the level of savings to be found in 2019-20.

1. Final Local Government Finance Settlement 2018-19

1.1. Since the publication of the County Council's 2018-19 Budget papers, the Government announced on 6 February 2018 the Final Local Government Finance Settlement¹. The key points from the Final Settlement are:

- One-off funding of £150m nationally in 2018-19 for an **Adult Social Care Support Grant**. This will be funded from anticipated underspends in existing departmental budgets, and so will not affect existing allocations for local government. The funding is being allocated according to relative needs, and means an **additional (one-off) £2.612m** for Norfolk County Council in 2018-19.
- An increase nationally in Rural Services Delivery Grant (RSDG) of £16m compared to the provisional allocations from December 2017, meaning that the total amount of RSDG has increased by £31m compared to original expectations. This means an **additional (one-off) £0.786m** for Norfolk County Council in 2018-19.
- There was no significant change to the main settlement figures.
- The council tax referendum principles have been confirmed as 3% for general council tax and a maximum of 3% for the Adult Social Care Precept.

¹ <https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2018-to-2019-written-statement>

1.2. The changes arising from the Final Settlement are shown in the table below:

	2018-19	2019-20
Rural Services Delivery Grant	-0.786	0.786
Adult Social Care Grant	-2.612	2.612
Total	-3.398	3.398

2. Proposed use of additional funding

2.1. In view of the one-off nature of this funding and the late notification from Government, it is proposed to allocate the additional Rural Services Delivery Grant to a Business Risk reserve, and to allocate the Adult Social Care Grant to an Adults Business Risk reserve. This will provide the Council with flexibility to make use of this funding if it is required in 2018-19, or alternatively to mitigate the level of savings to be found in 2019-20.

8 February 2018

Simon George
Executive Director of Finance and Commercial Services



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Labour Group Amendment: County Council Budget 2018/19:

Children Services Committee budget

1. Council agree to remove CHL041 2018/19 £2 million cut to Children's Centres (County Council agenda papers page 110). We propose to allocate £0.5 million from Norfolk Futures transformation budget (County Council agenda papers page 122), £0.714 million from Children's £12m investment (2018-19 element) (County Council agenda papers page 122) and use the additional £0.786 million Rural Services Delivery Grant announced in the Final Local Government Finance Settlement 2018/19 to enable the removal of CHL041 2018/19.

Community and Environmental Services budget

2. Council agree to add £1 million to Capital Projects for 2018/9 to speed up the replacement of street lighting with LED lights (County Council agenda papers page 339, CES - Highways) in order to save revenue costs on electricity and to restore night-time lighting to the areas that want it restored.

Advice from Section 151 Officer:

The £1.0m capital expenditure in 2018/19 would not incur any Minimum Revenue Provision charge and will be unlikely to incur any borrowing costs due to the Council's current cash holdings

(Lost interest would be circa £0.010m which can be accommodated within the existing Treasury budget). As such no additional revenue expenditure needs to be budgeted for in 2018/19.

For 2019/20 the additional interest charge would be circa £0.027m and for 2020/21 the MRP and interest charge would be approximately £0.055m. If the amendment is approved the cost will be added to the Medium Term Financial Strategy and form part of the 2019/20 budget.

The use of the additional one-off Rural Services Delivery Grant and increased borrowing cost would have the effect of increasing the savings gap in 2019/20 from £34.165m to £34.978m.

Liberal Democrat Group Amendment: County Council Budget 2018-19

1. In the 2018/19 budget that:

- (A) £0.750m be removed from the saving for CHL041 Remodel the children's centre service offer (County Council agenda papers page 110) to be funded by:
 - £0.500m from the Norfolk Futures transformation budget (Policy and Resources Committee on County Council agenda papers page 122) and
 - £0.250m from Treasury Management (£0.895m) (County Council agenda papers pages 54 and 121).
- (B) £1.000m be removed from the saving for Review of Day Care Services ASC 013 (County Council agenda papers page 106). £0.500m of this is to be funded from Treasury Management (£0.895m) and the other £0.500m to be deferred to 2019/20 to be funded from the additional Adult Social Care Support Grant announced in the Final Local Government Finance Settlement.
- (C) £0.145m be removed from the saving for CM022 (County Council agenda papers page 114). This to be funded from Treasury Management (£0.895m).
- (D) A reduction of £0.100m from savings to EDT 054 non safety critical highway maintenance (County Council agenda papers page 112) to be funded from a 10% reduction in the basic members allowance and special responsibility allowances.
- (E) ASC 16-19 Building Resilient Lives. The proposed saving for 2018/9 to be phased over two years. The saving for 2018/9 to be reduced to £1.788m with the remaining £1.612m to be deferred to 2019/20. This change will be funded directly by the additional Adult Social Care Support Grant.
- (F) £0.500m of the money for Adult Social Care Support Grant announced in the Final Local Government Finance Settlement be put into the Adult Social Care Committee reserves for the Committee to mitigate any issues implementing that Committee's savings in the 2018/19 budget.

- (G) £0.786 of the money for the additional Rural Services Delivery Grant announced in the Final Local Government Finance Settlement be put into a Business Risk Reserve to mitigate any issues implementing the 2018/19 budget.

2. In the 2019/20 budget:

- £0.200m be removed from CM022 for the re-profile the rural service delivery (mobile libraries) to be funded from the increase in Council Tax base.

3. Across the 2019/20 to 2021/22 budget

- The £23m savings across Adult Social Care allocated to 2019/2020 and 2020/2021 to be redistributed over a three period to include 2021/22. Officers to make a recommendation to Adult Social Care Committee on how the phasing of these savings should be delivered.

Advice from Section 151 Officer:

Treasury Management Budget:

Removing funding from the Treasury Management Budget in 2018-19 reduces the opportunity to borrow at historically low interest rates and increases the risk that the County Council will have to borrow in the future at a higher rate.

As highlighted in the Annual Investment and Treasury Strategy 2018-19 report, the Council's cash balances are reducing and in the short to medium term the Council will need to start borrowing.

The use of the additional one-off Adult Social Care Support Grant to defer £2.112m of savings from 2018/19 to 2019/20 would have the effect of increasing the savings gap in 2019/20 from £34.165m to £36.277m.

Independent Group amendment: County Council Budget 2018/19:

1. Policy and Resources Committee

1.1 REGENERATION of YARMOUTH RIVERSIDE and TOWN CENTRE

We propose that £250,000 be taken from the £500,000 Norfolk Futures transformation budget (Ref Policy and Resources Committee NCC Policy on County Council agenda papers page 122) to fund a dedicated officer team to engage with the Borough Council and partner agencies to pursue strategic land assembly, master planning and all viability assurance aspects to facilitate development of 1000 plus homes and ancillary retailing/leisure uses in these key brownfield sites of the town which are so important to its future prosperity. The over-riding aim is to enhance the chances of early development of Yarmouth's Riverside and Town Centre sites by delivering certainty and clarity for developers. It will also represent an important element in Norfolk County Council's new Housing Strategy which deploys NCC resources – financial, human, partnership building, strategic planning, influence, leadership – in order to positively influence the quantity and quality of new homes built in Norfolk.

2. Children's Services Capital budget

2.1 CONSTRUCTION of a NEW SEN Autism specific SCHOOL for WEST NORFOLK

We propose that £10 million is added to the 2018/19 Capital Programme (County Council agenda papers page 339, Children's Services Committee) for the construction of a new Special School in West Norfolk.

2.2 The creation of a new school of this type is crucial in the West of the County to meet acknowledged demand for pupils with autism and complex needs. In particular for those who cannot be adequately catered for in a mainstream school and for whom placement in a complex needs school such as Churchill Park is unsuitable and for whom temporary or part-time placements in a Special resource Base are not suitable as they are only a temporary measure or are unsettling for the child. The Fen Rivers School in Kings Lynn does not take children with Autism and only has placements until Year 3. The creation of this school would also help alleviate some of the transport cost issues sending children from the West to the Wherry School in Norwich.

2.3 It is estimated that £100,000 preliminary work/studies would be incurred in 2018/19 with the main construction costs taking place in 2019/20. An additional £10,000 would be taken from the Norfolk Futures transformation budget in 2018/19 to engage with a suitable Academy Trust to run the school.

Advice from Section 151 Officer:

Capital Expenditure (Item 2):

The £0.1M capital expenditure in 2018/19 would not incur any Minimum Revenue Provision charge and will be unlikely to incur any borrowing costs due to the Council's current cash holdings

(Lost interest would be circa £0.001M which can be accommodated within the existing Treasury budget). As such no additional revenue expenditure needs to be budgeted for in 2018/19.

For 2019/20 the additional interest charge would be circa £0.270M and for 2020/21 the MRP and interest charge would be approximately £0.550m. If the amendment is approved the cost will be added to the Medium Term Financial Strategy and form part of the 2019/20 budget.

This would have the effect of increasing the savings gap in 2019/20 from £34.165m to £34.435m.

Councillor Kemp, County Council Budget amendment 2018/19

1. Adult Social Care Committee

Council agree to allocate the £3.398 million additional funding announced in the Final Local Government Finance Settlement into the Resilient Lives Programme and reduce budget saving ASC016-019 by £3.398 million (County Council agenda papers page 106), from which this Council cut the budget by £2.1 million from £10 million last year.

Advice from Section 151 Officer:

The use of the additional one-off funding announced in the Final Local Government Finance Settlement to remove budget savings would have the effect of increasing the savings gap in 2019/20 from £34.165m to £37.563m.