

# Environment, Transport and Development Committee

<b>Report title:</b>	<b>Strategic and Financial Planning 2019-20 to 2021-22 and Revenue Budget 2019-20</b>
<b>Date of meeting:</b>	<b>18 January 2019</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b>	
<p>The proposals in this report will inform Norfolk County Council's decisions on council tax and contribute to the Council setting a legal budget for 2019-20 which sees its total resources targeted at meeting the needs of residents. Budget planning has been undertaken in the context of the Council's overarching Vision and Strategy.</p> <p>The information in this report is intended to enable the Committee to take a considered view of all the relevant issues in order to agree budget proposals for 2019-20 and the Medium Term Financial Strategy to 2021-22, and make recommendations on these to the Policy and Resources Committee. Policy and Resources will then consider how the proposals from Service Committees contribute to delivering an overall balanced budget position on 28 January 2019 before the Full Council meets 11 February to agree the final budget and level of council tax for 2019-20.</p>	

## Executive summary

This report forms part of the strategic and financial planning framework for Service Committees and provides an overview of the financial issues for the Council, including the latest details of the Autumn Budget 2018 and the provisional Local Government Finance Settlement for 2019-20. It summarises this Committee's saving proposals for 2019-20, identified budget pressures and funding changes, and sets out the proposed cash-limited revenue budget as a result of these. The report also provides details of the proposed capital programme for 2019-20 to 2021-22.

In order to inform decision making, details of the outcomes of rural and equality impact assessments of the 2019-20 Budget proposals are set out in the paper, alongside the findings of public consultation in respect of specific savings proposals, where they are relevant to the Committee.

Policy and Resources Committee works with Service Committees to coordinate the budget-setting process, advising on the overall planning context for the Council. Service Committees review and advise on the budget proposals for their individual service areas. The report therefore provides an update on the Service Committee's detailed planning to feed into the final stages of the Council's budget process for 2019-20. The County Council is due to agree its budget for 2019-20, and Medium Term Financial Strategy to 2021-22, on 11 February 2019.

**EDT Committee is recommended to:**

- 1) Consider the content of this report and the continuing progress of change and transformation of EDT services;**

- 2) Consider and agree the service-specific budgeting issues for 2019-20 as set out in section 5;
  - 3) Consider and comment on the Committee's specific budget proposals for 2019-20 to 2021-22;
  - 4) Consider the findings of equality and rural impact assessments, attached at Appendix 1 to this report, 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;
    - Foster good relations between persons who share a relevant 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) Consider the advice of the Executive Director of Finance and Commercial Services, and recommend to Policy and Resources Committee that the Council's budget includes an inflationary increase of 2.99% in council tax in 2019-20, within the council tax referendum limit of 3.00% for the year;
  - 7) Agree and recommend to Policy and Resources Committee the draft Committee Revenue Budget as set out in Appendix 2:
    - a. including all of the savings for 2019-20 to 2021-22 as set out. *Or*
    - b. removing any savings unacceptable to the Committee and replacing them with alternative savings proposals deliverable in 2019-20 and within the Committee's remit.
- For consideration by Policy and Resources Committee on 28 January 2019, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 11 February 2019.
- 8) Agree and recommend the Capital Programme and schemes relevant to this Committee as set out in Appendix 3 to Policy and Resources Committee for consideration on 28 January 2019, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 11 February 2019.

## 1. Introduction

- 1.1. The Council's approach to medium term service and financial planning is based on the preparation of a rolling Medium Term Financial Strategy, with an annual budget agreed each year. The County Council agreed the 2018-19 Budget and Medium Term Financial Strategy (MTFS) to 2022 at its meeting 12 February 2018, at the same time as it agreed a new Strategy for the County Council, Norfolk Futures.
- 1.2. The Council has a robust and well-established framework for strategic and financial planning which updates the MTFS position through the year to provide

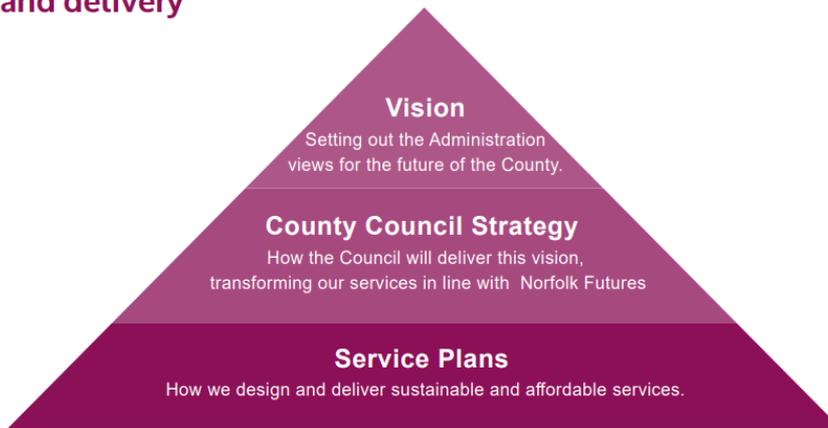
Members with the latest available financial forecasts to inform wider budget setting work across the organisation.

- 1.3. Norfolk County Council is due to agree its new Budget and Medium Term Financial Strategy for 2019-20 to 2021-22 on 11 February 2019. In support, this paper sets out the latest information on the provisional Local Government Finance Settlement and the financial and planning context for the County Council for 2019-20 to 2021-22. It summarises the Committee's pressures, changes and savings proposals for 2019-20, the proposed cash limit revenue budget based on all current proposals and identified pressures, and the proposed capital programme.

## **2. County Council Strategy and Norfolk Futures**

- 2.1 Caring for our County, the vision for Norfolk, was approved by members in February 2018 and outlines the Council's commitment to:
  - Building communities of which we can be proud
  - Installing infrastructure first
  - Building new homes to help young people get on the housing ladder
  - Developing the skills of our people through training and apprenticeships
  - Nurturing our growing digital economy
  - Making the most of our heritage, culture and environment
- 2.2 The Council's Strategy for 2018-2021 – Norfolk Futures – was approved at the same time. It focuses our transformation plan on priority areas of Council work, delivering in a context where demand for our services is driven both by demographics and social trends, and when increasingly complex and more expensive forms of provision are becoming prevalent.
- 2.3 Norfolk Futures is guided by four core principles that will frame the transformation we will lead across all our work:
  - Offering our help early to prevent and reduce demand for specialist services
  - Joining up work so that similar activities are easily accessible, done once and done well
  - Being business like and making the best use of digital technology to ensure value for money, and
  - Using evidence and data to target our work where it can make the most difference.
- 2.4 These four principles continue to underpin, inform and test everything that we do as an organisation.
- 2.5 The integrated transformation programme is also well underway and starting to deliver change across our critical priorities.
- 2.6 Each of the Service Committees has produced a 3 year forward plan setting out what will be delivered over the next 3 years within the resources available. These in turn are operationalised through annual Plans on a Page setting out aims and measurable objectives for each service area.
- 2.7 The alignment of our vision, to our strategy and to our service planning is shown below.

## Service planning and delivery



### How the Vision, Strategy and Service plans align

*Figure 1 - Service Planning and Delivery Framework from The Council's Strategy 2018-2021*

## 3. Strategic financial context

- 3.1. 2019-20 represents the final year of the four-year funding allocations for 2016-17 to 2019-20. These allocations have provided the Council with a degree of certainty about core elements of funding over the period, and only minimal changes to the funding in scope of the certainty offer have been made. Nonetheless, allocations still have to be confirmed annually in the Local Government Finance Settlement. The end of the four-year settlement combined with uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the Council faces a very significant level of uncertainty about funding levels after 2019-20.
- 3.2. The Chancellor of the Exchequer, Philip Hammond, announced the **Autumn Budget 2018** on Monday 29 October 2018. The Chancellor stated that the Budget was based on planning for all eventualities in relation to the UK leaving the EU, but that in the event of material changes to economic or fiscal forecasts, there remained the possibility of upgrading the Spring Statement to a full Budget if required. In contrast to recent Budgets, there were a number of announcements with implications for Local Government. Significantly for the 2019-20 Budget planning, this included additional funding for social care in 2019-20 worth £11.317m in total for Norfolk County Council broken down as follows:
  - £4.179m Winter Pressures Grant (to be pooled into the Better Care Fund via the iBCF and reported on accordingly in 2019-20. Government will confirm reporting requirements relating to the 2018-19 allocation separately).
  - £7.139m Social Care Support Grant (MHCLG advises that “where necessary” this should be used “to ensure that adult social care pressures do not create additional demand on the NHS” and to improve the social care offer for older people, people with disabilities and children. However, it is not ring-fenced, and there is no requirement for a specific adult or children’s share).

3.3. Further details of the Autumn Budget can be found in the November 2018 report to Policy and Resources Committee.

3.4. The **Provisional Local Government Finance Settlement 2019-20** was announced by the Secretary of State for Housing, Communities and Local Government, James Brokenshire, on 13 December 2018. The full details of the announcement can be found [here](#)<sup>1</sup> and the Secretary of State's statement to parliament [here](#)<sup>2</sup>. Funding allocations arising from the Autumn Budget were confirmed. The following announcements were made as part of the Provisional Settlement:

- Norfolk's application to become a 75% Business Rates Retention Pilot in 2019-20 was successful. This is forecast to deliver a benefit of almost £8m to Norfolk as a whole and £3.9m for Norfolk County Council individually. The financial benefits of a pilot are likely to arise in 2020-21.
- Norfolk County Council's Settlement Funding Assessment has been confirmed as £191.233m for 2019-20 (compared with £207.151m 2018-19). Funding allocations are broadly in line with the four-year certainty offer previously announced, however this funding will now be delivered via the Business Rates Pilot. In overall terms, the Provisional Settlement indicates a cash change in the County Council's core spending power of 2.6% between 2018-19 and 2019-20. This includes Government assumptions about local decisions to raise council tax and is slightly below the national cash increase of 2.8%.
- Additional Rural Services Delivery Grant is to be provided in 2019-20 to maintain the allocation at the same level as 2018-19. This means an additional £0.786m for the County Council, which will also be delivered through the Pilot.
- £20m is being provided nationally to maintain the New Homes Bonus baseline at 0.4%. This will mean a lower reduction in New Homes Bonus allocations than previously assumed, providing £0.183m.
- The Secretary of State announced plans to distribute increased growth in business rates income which has generated a surplus in the business rates levy account in 2018-19. For Norfolk this amounts to £2.340m. 2018-19 is the first year this account has been in surplus and as a result £180m is being distributed to councils. This is not technically "new money" but funding as a result of growth nationally in business rates. It has not previously been included in budget planning as councils do not know the overall position until Government announces it. Funding is due to be paid by Section 31 grant in 2018-19, but is anticipated to be available to support the 2019-20 Budget.
- The Government also confirmed the intention to fund the issue of "negative RSG" through forgone business rates. Norfolk County Council is not in a negative RSG position and so does not benefit from this decision.

3.5. In respect of **council tax**, the provisional thresholds for a council tax referendum have been announced as 3.0% for the general element of council tax with discretion for a further 2% to be raised for the adult social care precept (subject to a maximum adult social care precept increase of 8% in the period 2016-17 to 2019-20). The County Council's planning assumes an increase of 2.99% in general council tax. The Council has previously taken decisions to raise the full

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<sup>1</sup> <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2019-to-2020>

<sup>2</sup> <https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2019-to-2020-statement>

adult social care precept across the period 2016-17 to 2018-19 and as such there can be no increase in the adult social care precept in 2019-20 and it will therefore continue at the same level as in 2018-19 (£96.05 for a Band D property). A 2.99% increase in council tax is forecast to raise approximately £11.635m. This contributes to closing the forecast 2019-20 budget gap and mitigating the gap in future years. A council tax increase of 2.99% therefore enables a substantially more robust budget for 2019-20 and reduces risks for the council over the Medium Term Financial Strategy period.

- 3.6. Alongside the usual consultation on the Provisional Settlement, the Secretary of State announced two further consultations on reforms to the business rates retention system, and the new approach to distributing funding through the Review of Relative Needs and Resources. The Council will respond to these in due course. The Government also confirmed that the long-awaited social care green paper will be published “soon”.
- 3.7. On 16 December, the Government also announced<sup>3</sup> additional funding to support children with special educational needs. The allocation of this to individual councils has now been announced and Norfolk should receive £3.605m of the £250m being provided nationally to support children and young people with complex SEND. This will be received as £1.803m in both 2018-19 and 2019-20. Government has also confirmed funding of £100m nationally for investment to create more specialist places in mainstream schools, colleges and special schools in 2019-20. The allocation of this has not yet been confirmed, but Norfolk could potentially expect approximately £1.268m if this were to be distributed on the usual basis. The additional SEND funding is expected to flow through Dedicated Schools Grant, however it is not anticipated to be sufficient to address the High Needs Block overspend position.
- 3.8. The latest estimate of the Council’s overall budget position for 2019-20 as a result of the above, and any other emerging issues, will be reported to Policy and Resources Committee in January.

## **4. 2019-20 Budget Planning**

### **2018-19 Medium Term Financial Strategy**

- 4.1. The current year’s Budget and Medium Term Financial Strategy (MTFS) for the period 2018-19 to 2021-22 was agreed in February 2018 including £78.529m of savings and with a remaining gap of £94.696m. The MTFS provided the starting point for the Council’s 2019-20 Budget planning activity. Full details of cost pressures assumed in the Council’s MTFS are set out in the 2018-19 Budget Book.<sup>4</sup>

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

- 4.2. The latest information about the Committee’s 2018-19 budget position is set out in the budget monitoring report elsewhere on the agenda. The Council’s overarching budget planning for 2019-20 is based on the assumption that a balanced 2018-19 Budget is delivered (i.e. that all savings are achieved as

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<sup>3</sup> <https://www.gov.uk/government/news/new-funding-to-support-children-with-special-educational-needs>

<sup>4</sup> <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

planned and there are no overall overspends). Further pressures in the forecast 2019-20 Budget have been provided for as detailed later in this report.

### **The budget planning process for 2019-20**

- 4.3. In July 2018, Policy and Resources Committee considered how the 2019-20 budget planning process would be aligned with the Council's Strategy, Norfolk Futures. Policy and Resources agreed budget assumptions, budget planning principles and guidance for 2019-20 which were then communicated to Service Committees.
- 4.4. In September, Service Committees therefore began their detailed budget planning by discussing both their approach to savings development and any key risks for the Council's budget process.
- 4.5. Following further input from Policy and Resources Committee, in early October, Service Committees then considered and agreed their detailed saving proposals for 2019-20, which were recommended to Policy and Resources Committee for consultation where appropriate. Policy and Resources duly considered the latest budget planning position for 2019-20 at its meeting on 29 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining **budget gap for 2019-20, which at that point stood at £6.369m. Over the three year planning period, a gap of £45.980m remained to be closed.** In November, Policy and Resources was advised that following the announcements of additional funding at the Autumn Budget, it was anticipated these would assist in closing the gap identified for 2019-20, and as a result Services were not asked to seek additional savings. However, **Policy and Resources agreed that any change to planned savings or removal of proposals would require alternative savings to be identified by the relevant Service Committee.**
- 4.6. The budget position and associated assumptions are kept under continuous review. The latest financial planning position will be presented to Policy and Resources Committee in January prior to budget-setting by County Council in February. The outline budget-setting timetable for 2019-20 is set out for information later in this report.

### **Latest 2019-20 Budget position**

- 4.7. Since the last report to Service Committees in October 2018, a number of additional pressures have emerged, including:
  - Pressures arising in Schools' High Needs Block budgets with a potential impact on the Council's General Fund;
  - Significant additional pressures in Children's Services budgets;
  - The addition of "Winter Pressures" funding within the Adult Social Care budget, and pressures relating to continuing support for the care market, and continued enhanced levels of social work capacity. The Adult Social Care budget makes use of some one-off funding and use of reserves.
  - Recognition of a part funded pressure in 2019-20 relating to an increase in the employer contribution rates for Fire Service pensions;
  - Final changes to inflation forecasts for 2019-20 and future years; and
  - Updated council tax forecasts from Districts for tax base and collection fund which will be finalised in January.

4.8. These additional pressures have been offset by proposed changes following a thorough review of all other pressures and savings included in budget planning, and by additional funding announced in the Autumn Budget and the provisional Local Government Finance Settlement as set out in section 3. As a result, a balanced budget is therefore expected to be presented to Policy and Resources Committee for 2019-20. Details of the remaining gap over the Medium Term Financial Strategy will be confirmed to Policy and Resources in January.

### **Budget planning assumptions 2019-20**

4.9. In setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director of Finance (Section 151 Officer) to report to members on the robustness of budget estimates and the adequacy of proposed financial reserves. This informs the development of a robust and deliverable budget for 2019-20. Further details are provided below, and the full report will be included in the Budget papers for Policy and Resources Committee.

4.10. The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2019-20 Budget is substantially based upon the following assumptions.

- A 2.99% increase in council tax in 2019-20 and 1.99% in both subsequent years 2020-21 and 2021-22 based on the current amounts allowed by Government before a local referendum is required. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year. In future years there will be an opportunity to consider the required level of council tax in light of any future Government announcements relating to the Fair Funding Review and Comprehensive Spending Review.
- In addition to an annual increase in the level of council tax, the budget assumes annual tax base increases in line with recent trends.
- Revised assumptions about the future funding changes to be delivered through the Comprehensive Spending Review and Fair Funding Review based on recent announcements including those made at the Autumn Budget. Until now, the Council's assumptions about funding reductions have been based on the Government's stated intention to end Revenue Support Grant, with an expectation that all Revenue Support Grant would therefore cease after 2019-20. This would result in a cliff edge in 2020-21 and a budget pressure of almost £39m. Such a significant funding reduction would be out of line with recent experience and does not reflect the fact that Government has sought to provide additional levels of one-off funding for key areas such as social care. Taking all these funding sources in the round, the Council's current budget planning is therefore now based on an assumption that effectively half of the impact of the loss of Revenue Support Grant would occur in 2020-21 and half in 2021-22, although Revenue Support Grant itself may disappear. In other words, it is assumed that Government will provide alternative (potentially transitional) funding to mitigate the effect of a Revenue Support Grant cliff edge.
- No increase in the Adult Social Care precept from the 2018-19 level.
- 2018-19 Budget and savings will be delivered in line with current forecasts and plans (no overall overspend).
- Use of additional Adult Social Care funding for 2018-19 and 2019-20 as agreed with partners and in line with conditions, and that market pressures can be absorbed within existing budgets.

- Growth pressures forecast in Children’s Services relating to Looked After Children, and the overspend on High Needs Block, can be contained within the additional funding allocations.
- Pressures forecast within waste and highways budgets can be accommodated within the additional funding allocations.
- Revised assumptions to use an additional £5m capital receipts in 2020-21 rather than £10m (with £10m being required in 2021-22 and the balance of £5m in 2022-23 resulting in the use of an additional £20m capital receipts in total to support the revenue budget over the period 2020-21 to 2022-23).
- The assumed use of one-off funding including:
  - £1m from the Insurance Fund in 2019-20; and
  - £6m from the Adult Social Care business risk reserve over the budget planning period.
- That all the savings proposed and included for 2019-20 can be successfully achieved.

## **5. Service Budget, Strategy and Priorities 2019-20**

### **5.1. Service Transformation**

5.1.1. The overall vision for EDT Committee services was set out in strategic financial planning report discussed by the Committee in September. In terms of service transformation the focus of our approach is as follows.

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

5.1.3. We continue to provide vital services to ensure that our residents are safe, both in their own homes and when out and about in our County. Broadly, CES services are focussed around the following outcomes:-

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

5.1.4. In terms of transformation, as discussed at the September meeting, the broad approach across CES is focussed around:-

- Cost reduction
- Collaboration
- Development

### **5.2. Service specific budgeting issues**

- Weather/environment - a number of services have risks directly related to the weather/environment. For example, the amount of spend on winter maintenance depends on how hard the winter season is and for how long, whilst how good the weather is for the growing season affects waste and

green waste volumes and flooding events impact local communities. In addition, there is clear evidence that severe or prolonged weather conditions impact directly on the condition of the highway, including the number, severity and speed of deterioration of potholes.

- Waste – there are a number of pressures and risks relating to the waste service. Whilst recycling and waste minimisation activities continue, housing and population increases, weather patterns, consumer confidence and economic growth also affect the overall trend of waste volumes. There is also continued uncertainty in the recycling commodities market, in part due to the impacts of restrictions from China accepting recycled materials.
- Concessionary fares - there continues to be a shortfall in the funding from Government. Another 3 year deal has been successfully negotiated with bus operators to mitigate this. The current agreement expires at the end of March 2020, and a new arrangement will need to be negotiated.

## 6. Revenue Budget

- 6.1. The tables in Appendix 2 set out in detail the Committee’s proposed cash limited budget for 2019-20, and the medium term financial plans for 2020-21 to 2021-22. These are based on the identified pressures and proposed budget savings reported to this Committee in October, which have been updated in this report to reflect any changes to assumptions. The proposal
- 6.2. Cost neutral adjustments for each Committee will be reflected within the Policy and Resources Revenue Budget 2019-20 to 2021-22 paper which will be presented on 28 January 2019.
- 6.3. The Revenue Budget proposals set out in Appendix 2 form a suite of proposals which will enable the County Council to set a balanced Budget for 2019-20. **As such, any recommendations to add growth items, amend or remove proposed savings, or otherwise change the budget proposals, will require the Committee to identify offsetting saving proposals or equivalent reductions in planned expenditure.**
- 6.4. As set out elsewhere in this report, the Executive Director of Finance and Commercial Services is required to comment on the robustness of budget proposals, and the estimates upon which the budget is based, as part of the annual budget-setting process. This full assessment will be reported to Policy and Resources Committee and County Council.

### 6.5. 2019-20 budget proposals

- 6.5.1. The savings proposals are summarised in the table below.

<b>Proposal</b> Note: savings are shown as a negative figure	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2019-22 Total</b>	<b>Risk Assessment</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>RAG</b>
Capitalisation of activities to release a revenue saving	-1.559	0	0	<b>-1.559</b>	Green
Further roll-out of street lighting LEDs	-0.050	0	0	<b>-0.050</b>	Green
Changing back office processes and efficiency	-0.103	0	0	<b>-0.103</b>	Green
Vacancy management	-0.294	-0.025	0	<b>-0.319</b>	Green

Household Waste Recycling Centres – reuse shops	-0.054	-0.050	0	<b>-0.104</b>	Green
Review and management of contracts in Highways and Waste	-0.158	-0.079	0	<b>-0.237</b>	Amber
Highways Commercialisation	-0.040	-0.161	-0.040	<b>-0.241</b>	Red
Re-model back office support structure	-0.090	-0.090	0	<b>-0.180</b>	Red
Highways Services	0	-0.100	0	<b>-0.100</b>	Amber
Income Generation	-0.225	0	0	<b>-0.225</b>	Green
<b>Total</b>	<b>-2.573</b>	<b>-0.505</b>	<b>-0.040</b>	<b>-3.118</b>	

## 6.6. Changes to the proposals since last reviewed by Committee in October

6.6.1. Since the Committee last reviewed the proposals in October, there have been two amendments to the proposals (as set out above):-

- The savings for ‘highways commercialisation’ have been reprofiled to reflect that the earliest possible date for implementation is now 1 October 2019, subject to the Committee’s approval (there is a separate paper on the agenda for this meeting for highways commercialisation).
- The ‘re-model back office support’ structure saving has also been re-profiled as this change is dependent on implementation of the highways commercialisation approach (as above).

6.6.2. Where the proposals require changes to the organisational structure/posts, the relevant staff consultation has been carried out, and some changes made to the detailed proposals as a result of direct feedback from staff. Work is underway to ensure the changes can be implemented by 1 April 2019. The only exception are the two proposals mentioned in 6.6.1 above, and if Members agree to progress highways commercialisation there will be a need for staff consultation with those involved e.g. as part of any TUPE transfer process.

## 7. Capital Programme 2019-20

7.1. A summary of the Capital Programme and schemes relevant to this committee can be found in Appendix 3.

## 8. Public Consultation

8.1. Under Section 3(2) of the Local Government Act 1999, authorities are under a duty to consult representatives of a wide range of local people when making decisions relating to local services. This includes council tax payers, those who use or are likely to use services provided by the authority, and other stakeholders or interested parties. There is also a common law duty of fairness which requires that consultation should take place at a time when proposals are at a formative stage; should be based on sufficient information to allow those consulted to give intelligent consideration of options; should give adequate time for consideration and response and that consultation responses should be conscientiously taken into account in the final decision.

8.2. Saving proposals to bridge the shortfall for 2019-20 were put forward by committees, the majority of which did not require consultation because they could be achieved without affecting service users. **There were no proposals relating to this Committee which required public consultation.**

8.3. Where individual savings for 2019-20 required consultation:

- Consultation took place between 5 November and 23 December with consultation feedback on both individual budget proposals and council tax available for Committees in January;
- Proposals were published and consulted on via the Council's consultation hub, Citizen Space <https://norfolk.citizenspace.com/consultation/budget2018/>;
- Consultation documents were made available in large print and easy read as standard, and other formats on request;
- The Council made extra effort to find out the views of people who may be affected by the proposals and carry out impact assessments;
- Opportunities for people to have their say on budget proposals and council tax were promoted through the Your Norfolk residents' magazine, news releases, online publications, and social media.
- Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.

## **9. Equality and rural impact assessment – findings and suggested mitigation**

- 9.1. When making decisions the Council must give due regard to the need to promote equality of opportunity and eliminate unlawful discrimination.
- 9.2. Equality and rural impact assessments have been carried out on all 10 of EDT Committee's budget proposals for 2019/20, to identify whether there may be any detrimental impact on people with protected characteristics or in rural areas.
- 9.3. At this stage, there is no evidence to indicate that any of the proposals will have a detrimental impact on people with protected characteristics or in rural areas.
- 9.4. The proposal to further roll-out LED street lighting is likely to have a positive impact on older and disabled people, including people who are visually impaired, as LED lights provide a better quality of lighting. The proposal to increase the number of reuse shops will also have a positive impact for residents with protected characteristics and in rural areas, as it will increase the reuse locations available for members of the public to visit.
- 9.5. HR Shared Service will continue to monitor whether staff with protected characteristics are disproportionately represented in redundancy or redeployment figures, and if so, take appropriate action.
- 9.6. The full assessment findings are attached for consideration at Appendix 1. Clear reasons are provided for each proposal to show why, or why not, detrimental impact has been identified, and the nature of this impact.

## **10. Budget Timetable**

- 10.1. The Council's overarching budget setting-timetable for 2019-20 was agreed by County Council in February as part of the 2018-19 Budget. The timetable is updated as further information becomes available (for example about the timing

of Government announcements). The latest version of the timetable is set out in the table below.

### **Budget setting timetable 2019-20 to 2021-22**

<b>Activity/Milestone</b>	<b>Time frame</b>
County Council agree recommendations for 2018-22 including that further plans to meet the shortfall for 2019-20 to 2021-22 are brought back to Members during 2018-19	12 February 2018
Spring Statement 2018 announced	13 March 2018
Consider implications of service and financial guidance and context, and review / develop service planning options for 2019-22	February – June 2018
Member review of the latest financial position on the financial planning for 2019-22	July 2018
Development of savings proposals 2019-22	June – September 2018
Member review of service and budget planning position including savings proposals	Committees in October 2018
Chancellor's Autumn Budget 2018	29 October 2018
Consultation on new planning proposals and council tax 2019-22	5 November to 23 December 2018
Provisional Local Government Finance Settlement	13 December 2018
Service reporting to Members of service and financial planning and consultation feedback	January 2019
Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	Mid-January 2019
Final Local Government Finance Settlement	TBC January / February 2019
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	28 January 2019
Confirmation of District Council tax base and Business Rate forecasts	31 January 2019
County Council agree Medium Term Financial Strategy 2019-20 to 2021-22, revenue budget, capital programme and level of council tax for 2019-20	11 February 2019

## **11. Financial implications**

- 11.1. Potentially significant financial implications for the Committee's Budget, including those arising from the Autumn Budget 2018 and the Provisional Local Government Finance Settlement, are discussed throughout this report. The implications of the three changes expected to be implemented in 2020-21 remain the subject of considerable uncertainty and although they have been reflected as far as possible in the Council's 2019-20 budget planning, these impacts will need to be refined as further information is made available by Government.

## 12. Issues, risks and innovation

12.1. Significant risks, assumptions, or implications have been set out throughout the report. Some general risks relating to the development of budget proposals for EDT services are as follows:-

- Income generation - as we continue to maximise and increase reliance on generation of income from various sources and become more reliant on market factors, we increase our risk. This includes work as part of the Commercialisation priority under Norfolk Futures.
- External funding – there are a number of projects and services being fully or partly funded by external funding, for example grants from other organisations and successful funding bids. Many of these include an element of match funding or similar expectations about the County Council's input. Reductions in revenue funding could impact on our ability to do this and we could risk losing funding or our ability to successfully bid for funding in the future.
- Staffing - It will not be possible to deliver the level of savings required without some changes and reductions in staffing levels. The CES Department has already made a number of changes/reductions to staff in recent years, including reducing the number of managers in the department, but further reductions will be needed. Although we will take steps to minimise the impact of any changes as far as possible, including by introducing new ways of working, there is a risk that a reduced workforce will directly impact on the level of service we are able to deliver.

12.2. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018-19 to the end of 2020-21 (RM006).

12.3. Risks relating to budget setting are also detailed in the Council's budget papers. There is a risk in relation to the Comprehensive Spending Review and the Fair Funding Review that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where the Fair Funding Review results in a redistribution between authority types or geographical areas.

12.4. Decisions about significant savings proposals with an impact on levels of service delivery have required public consultation. As in previous years, new 2019-22 saving proposals, and the Council's Budget as a whole, have been subject to equality and rural impact assessments as described elsewhere in this report.

### Background Papers

Norfolk County Council Vision and Strategy

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

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

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

Norfolk County Council Budget Book 2018-22

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

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

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

Strategic and Financial Planning reports to Committees in September 2018

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings.aspx>

Strategic and Financial Planning 2019-20 to 2021-22 (Item 9, Policy and Resources Committee, 24 September 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1420/Committee/21/SelectedTab/Documents/Default.aspx>

Strategic and Financial Planning reports to Committees in October 2018

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings.aspx>

Strategic and Financial Planning 2019-20 to 2021-22 (Item 12, Policy and Resources Committee, 29 October 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1421/Committee/21/SelectedTab/Documents/Default.aspx>

Implications of the Autumn Budget 2018 (Item 9, Policy and Resources Committee, 26 November 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1422/Committee/21/SelectedTab/Documents/Default.aspx>

## Officer Contact

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