

# Cabinet

Monday 19 March 2018

9.00 am, Colman and Cavell Rooms

*South Norfolk House, Cygnet Court, Long Stratton, Norwich, NR15 2XE*

If you have any special requirements in order to attend this meeting,  
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Contact Claire White on 01508 533669 or [democracy@s-norfolk.gov.uk](mailto:democracy@s-norfolk.gov.uk)

**Members of the Cabinet****Portfolio**

John Fuller (Chairman)	The Economy and External Affairs
Mr M Edney (Vice Chairman)	Stronger Communities
Mrs Y Bendle	Housing, Wellbeing, Leisure and Early Intervention
Mr B Stone	Finance and Resources
Mr L Hornby	Regulation and Public Safety
Mrs K Mason Billig	Environment and Recycling

**This meeting may be filmed, recorded or photographed by the public; however anyone who wishes to do so must inform the chairman and ensure it is done in a non-disruptive and public manner. Please review the Council's guidance on filming and recording meetings available in the meeting room.**

**Group Meetings**

Conservatives – 8.00 am, Cabinet Office

Liberal Democrats – 8.15 am, Blomefield Room

## **Agenda**

1. **To report apologies for absence;**
2. **Any items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B(4)(b) of the Local Government Act, 1972. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency;**
3. **To Receive Declarations of Interest from Members;** (please see guidance – page 6)
4. **To confirm the minutes of the meeting of Cabinet held on Monday 5 February 2018;** (attached – page 7)
5. **Electric Vehicle Charging Points in our Market Towns Car Parks;** (report attached – page 20)

6. **Home Options Policy changes following Enactment of the Homelessness Reduction Act;**  
(report attached – page 27)
7. **Discretionary Payments;  
District Direct Hospital Discharge and Early Help Flexible Fund Payments**  
(report attached – page 34)
8. **Response to Fair Funding Review Technical Consultation;**  
(report attached – page 43)
9. **Gender Pay Gap**

New legislation requires every organisation with 250+ employees to report and publish their gender pay gap figures, and to do so every year. This first report calculates the data using the salary snapshot date of 31 March 2017. The UK government have introduced this legislation to tackle injustices in gender pay across UK organisations and to try and reduce the national pay gap which shows a large imbalance in favour of men. The gender pay gap looks at the difference of the average pay of all men and all women in the workforce. South Norfolk Council is committed to equality and diversity and we are pleased to report near parity between male and female employees' average pay. Our mean average gender pay gap is minus -0.3% which shows that, on average, our female employees earn very slightly more than men. In all, there are 6 different measures being reported, and all our results and a narrative will be published on the SNC website and the Government website before the end of March.

Margaret Broome  
Senior HR Advisor

**10. Statement of Co-operation with Waveney District Council**

The Council is yet to receive the final Statement of Co-operation from Waveney, and therefore this item is deferred to the April meeting of the Cabinet

**11. Cabinet Core Agenda**

(attached – page 111)

**12. Leisure Principles and Draft Strategy**

(report attached – page 113)

(NOTE: Appendix 2 to this report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

**13. Exclusion of the Public and Press**

To exclude the public and press from the meeting under Section 100A of the Local Government Act 1972 for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended)

**14. Ketts Park Redevelopment Project**

(NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

**15. Telephony Project Update**

(NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

## Agenda Item: 3

### DECLARATIONS OF INTEREST AT MEETINGS

Members are asked to declare any interests they have in the meeting. Members are required to identify the nature of the interest and the agenda item to which it relates.

- In the case of **other** interests, the member may speak and vote on the matter.
- If it is a **pecuniary** interest, the member must withdraw from the meeting when it is discussed.
- If it **affects or relates to a pecuniary interest** the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting.
- Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.
- In any case, members have the right to remove themselves from the meeting or the voting if they consider, in the circumstances, it is appropriate to do so.

Should Members have any concerns relating to interests they have, they are encouraged to contact the Monitoring Officer (or Deputy) or another member of the Democratic Services Team in advance of the meeting.



## **CABINET**

**Minutes of a meeting of the Cabinet of South Norfolk District Council held at South Norfolk House, Long Stratton on Monday 5 February 2018 at 9.00 a.m.**

### **Members Present:**

**Cabinet:** Councillors J Fuller (Chairman), Y Bendle, M Edney, L Hornby and K Mason Billig

**Apologies:** Councillor B Stone

**Non-Appointed:** Councillors B Bernard, D Bills, F Ellis, N Legg, T Lewis, G Minshull and V Thomson

**Officers in Attendance:** The Director of Communities and Well-Being (J Sutterby), the Director of Growth and Business Development (D Lorimer), the Assistant Director – Resources (P Catchpole), the Head of Business Transformation (H Ralph), the Head of Health and Leisure (S Goddard), the Head of Planning (P Courtier), the Accountancy Manager (M Fernandez-Graham), the Business Improvement Programme Manager (A Mewes), the Commercial and Digital Marketing Manager (H Griffiths), the Interim Joint Spatial Planning Manager (J Walchester), the ICT Manager (C Balmer), the Group Accountant (J Brown), the Senior Governance Officer (E Goddard), the Senior Planning Officer (S Marjoram), and the Business Improvement Lead (E Pepper)

### **2616 URGENT ITEMS**

The Chairman was pleased to announce that a Housing Infrastructure Grant of £5.5M had been awarded to the Council, since the budget papers had been drafted.

## **2617 MINUTES**

The minutes of the meeting held 8 January 2018 were confirmed as a correct record and signed by the Chairman.

## **2618 PERFORMANCE RISKS REVENUE AND CAPITAL BUDGET POSITION REPORT FOR QUARTER THREE 2017/18**

### **The Subject of the Decision**

Members considered the report of the Business Improvement Programme Manager, the Senior Governance Officer and the Accountancy Manager, which detailed the Council's performance against strategic measures, risk position and the revenue and capital position at Quarter 3 2017/18.

The Business Improvement Manager summarised performance at the end of Quarter 3, explaining that 26 measures had met or exceeded target, 1 measure had been within an acceptable tolerance level, and 1 measure had failed to hit the stretch target. The Corporate Risk Capacity remained positive and members noted the positive variance on the revenue budget of £1.582M and the forecast of a year-end revenue surplus of £1.9M. With regard to the capital programme, there had been a £3.75M spend, against a budget of £5.78M.

The Business Improvement Programme Manager drew members' attention to key areas of performance. Members commented in particular on the performance of the leisure centres, noting that income at Wymondham Leisure Centre had increased by 20%. Members were also pleased to see that there had been an increase in customer self service via web forms.

With regard to CNC Building Control, members noted that fee earning income was below the Quarter 3 target, due to a significant down turn in work through Norwich and increased competition from Approved Inspectors across the area. The Director of Growth and Business Development explained that plans were in place to improve performance, through for example, a revised marketing approach and new website. Members noted that the loss of income had been carefully managed by working to reduced staffing levels.

### **The Decision**



**RESOLVED:** To note:

- (a) the 2017/18 performance for the quarter and the combined efforts across the Directorates to deliver the vision of the Council (detail contained in Appendix 1).
- (b) the current position with respect to risks and to accept the actions to support risk mitigation (detail contained in Appendix 2).
- (c) the capital and revenue position and the reason for the variances on the General Fund (detail contained in Appendices 3 and 4).
- (d) the outcome of the bid for a one-year pilot of 100% business rates retention as outlined in paragraph 3.2.

### **The Reasons for the Decision**

To ensure processes are in place to improve performance, that the management of risks is sound, and that budgets are in place to meet the Council's corporate objectives.

### **Other Options Considered**

None

## **2619 BUDGET CONSULTATION 2018/19**

### **The Subject of the Decision**

Members considered the report of the Group Accountant which detailed the results of the 2018/19 budget consultation for residents and businesses.

The Group Accountant explained that the consultation had attracted 113 responses by the close of the survey. Summarising the results, she advised that feedback regarding the proposed £5 Council Tax rise was mainly positive (72%) and that most respondents agreed with charging for discretionary services (77%) and supporting the business community by reinvesting business rates income (85%).

Members were pleased to note that the budget proposals were broadly in line with the results of the consultation.

### **The Decision**

**RESOLVED:** To note the feedback received during the consultation exercise.

### **The Reasons for the Decision**

To ensure that the views of the public and local businesses are taken in to account when determining the budget and level of council tax for 2018/19

### **Other Options Considered**

None

## **2620 2018/19 BUSINESS PLAN**

### **The Subject of the Decision**

Members considered the report of the Business Improvement Lead, which presented the Annual Business Plan for 2018/19.

The Business Improvement Lead provided a brief overview of the Plan, and drew members' attention to the recommendations from the Scrutiny Committee, which had been forwarded in full to members separately.

Members commended the Business Plan, suggesting it to be a well prepared, comprehensive document, setting out priorities for the year and highlighting the necessary resources required. The Chairman referred to the valuable input from partner organisations, which was instrumental to the delivery of the Plan.

### **The Decision**

**RESOLVED: To:**

- a) approve the 2018/19 Business Plan;
- b) agree the recommendations of the Scrutiny Committee.

**The Reasons for the Decision**

To ensure that a sound business planning process is in place, setting out the vision and priorities set by members.

**Other Options Considered**

None

**2621 REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2018/19**

**The Subject of the Decision**

Members considered the report of the Section 151 Officer and the Accountancy Manager, which detailed the proposed revenue and capital budgets for 2018/19, and updated capital programme for the next 5 years, the proposed use and level of reserves, the Medium Term Financial Strategy for 2018/19 to 2022/23 and proposals for Council Tax for 2018/19.

The Section 151 Officer confirmed to members that the budget had been constructed on a prudent basis and he was pleased to present a balanced budget to members, during what he considered to be challenging but exciting times for the Council. The Accountancy Manager then outlined the key issues arising from the report. He referred to the reduction in New Homes Bonus compared with that received in 2017/18, and the higher than expected pay rise to staff of 2%. Members noted that the revenue reserves remained healthy, covering 152% of the base budget for 2018/19.

Looking ahead, and assuming a £5.00 increase in council tax for a band D property each year, deficits were forecast of £2.2M for 20/21, 21/22 and 22/23 and members noted that this would be addressed through “deep dive” reviews of services.

Turning to the capital programme for 2018/19 – 2022/23, this amounted to £61.7M for 2018/19 – 2022/23 and was funded from a combination of capital receipts and reserves, and revenue reserves. Some external borrowing would be required of approximately £44M.

The Accountancy Manager then drew attention to the recommendation at paragraph 21.1.3 of the report and explained that the Council's demand on the Collection Fund for Special Expenditure was to be £78.662, not £78.445 as indicated in the report.

During discussion, the Chairman referred to the proposed increase in council tax of £5.00 for a band D property, which he considered to be a fair and honest increase. He referred to the uncertainty around changes to the funding formula and further localisation of business rates, and he hoped that future change would result in a more simple and fair finance system for local government. The proposed budget indicated that the Council was addressing these challenges, through commercialisation, efficiencies, and economic growth, and the Chairman was proud that none of this had compromised service delivery.

Turning to appendices G and H of the report, the ICT and Digital Strategies, both the ITC Manager and the Commercial and Digital Marketing Manager outlined the salient points to members. Members agreed that years of investment in IT and digital services was starting to pay dividends, with efficiencies being realised and there being a real channel shift in the way customers were accessing services.

## **The Decision**

### **RESOLVED: 1. TO RECOMMEND TO COUNCIL:**

- (a) the approval of the base budget; as shown in para 7.1, subject to confirmation of the finalised Local Government finance settlement figures which may, if significant, necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget;
- (b) the use of the revenue reserves as set out in section 15;
- (c) that the Council's demand on the Collection Fund for 2018/19 for General Expenditure shall be £6,997,555 and for Special Expenditure be £78,662.17;
- (d) that the Band D level of Council Tax be £145.00 for General Expenditure and £1.63 for Special Expenditure;
- (e) that the assumptions on which the funding of the capital programme is based are prudent.

- (f) the approval of the capital programme for 2018/19 to 2022/23, noting that a Housing Infrastructure Fund of £5.5 million has been awarded since the capital programme was drafted.

2. To agree:

- (a) the charges for garden waste as set out in para 6.2 of the report;
- (b) the introduction of a charge for the Tenant Finder Service as set out in para 6.3 of the report.

3. To note:

- (a) that pricing changes will be made in accordance with the Charging Policy in section 6 of the report;
- (b) the advice of the Section 151 Officer with regard to section 25 of the Local Government Act 2003;
- (c) the future budget pressures contained in the Medium Term Financial Strategy as set out in Appendix B.

### **The Reasons for the Decision**

To provide a budget which meets the Council's priorities and to set a council tax affordable to residents  
To ensure that the Capital Programme is affordable and complies with Council policies.

### **Other Options Considered**

None

## **2622 TREASURY MANAGEMENT AND CAPITAL STRATEGY 1 APRIL 2018 TO 31 MARCH 2021**

### **The Subject of the Decision**

Members considered the report of the Accountancy Manager, which detailed the proposed Treasury Management Strategy, the Prudential Indicators, the Minimum Revenue Provision Statement and the Treasury Management Policy Statement for 2018/19 to 2020/21. Cabinet was also presented with the Annual Investment Strategy for 2018/19 and the Capital Strategy for 2018/19 to 2022/23.

The Accountancy Manager outlined the salient points of his report to members.

Following brief consideration of the report, the Chairman thanked the Section 151 Officer, the Accountancy Manager and the whole Finance Team who had contributed to the preparation and timely delivery of the budget reports.

### **The Decision**

#### **RESOLVED: TO RECOMMEND TO COUNCIL**

- a) the Treasury Management Strategy Statement for April 2018 to March 2021.
- b) the Capital Strategy outlined in section 3 and Appendix A of the report.
- c) the Prudential Indicators and Limits for the next 3 years contained within Appendix B of the report, including the Authorised Limit Prudential Indicator.
- d) the Minimum Revenue Provision (MRP) Statement (section 9) that sets out the Council's policy on MRP.
- e) the Annual Investment Strategy 2018/19 (section 6) contained in the Treasury Management Strategy, including the delegation of certain tasks to the Section 151 Officer
- f) the Treasury Management Policy Statement (Appendix E).

### **The Reasons for the Decision**

To ensure that the Council's Investment Strategy remains prudent and complies with statutory requirements.

### **Other Options Considered**

None

## **2623 NORFOLK STRATEGIC PLANNING FRAMEWORK (DECEMBER 2017)**

### **The Subject of the Decision**

Members considered the report of the Senior Planning Officer, which sought Council's endorsement of the Norfolk Strategic Planning Framework (December 2017).

The Interim Joint Spatial Planning Manager presented the report to members, explaining that the document had been prepared by all of the Local Planning Authorities in Norfolk, to address key cross-boundary issues. This in turn addressed the Duty to Cooperate, introduced in the 2011 Localism Act, through both officer and member level co-operation.

Members noted that the document was a strong starting point in becoming part of a Statement of Common Ground, a future requirement for Local Plans, and agreed with proposals for the Norfolk Strategic Planning Group (member forum) to review and evolve the document.

During discussion, attention was drawn to paragraph 4.1 of the document, Population Projections, and it was noted that South Norfolk had the highest percentage current and projected population growth in Norfolk. Members agreed that careful planning was required, and that planning together, with neighbouring authorities, was the most effective way forward.

### **The Decision**

**RESOLVED: TO RECOMMEND THAT COUNCIL**

- a) approves the Norfolk Strategic Framework (Appendix 1) and agrees to be a 'signatory' to it;
- b) continues to support the Norfolk Strategic Planning Group to evolve the Framework and associated work, to ensure it remains up to date and relevant; and
- c) continues to fund the work necessary to keep the Framework up to date, including the project management support, for 2018/19 and 2019/20

**The Reasons for the Decision**

To ensure that the Council demonstrates the Duty To Cooperate and is working towards a Statement of Common Ground, through the adoption of an effective approach to address key cross-border strategic planning matters.

**Other Options Considered**

None

**2624 GREATER NORWICH INFRASTRUCTURE INVESTMENT PLAN 2018/19 – 2022/23**

**The Subject of the Decision**

Members considered the report of the Senior Planning Officer, which sought approval for the projects in South Norfolk, to be included in the Greater Norwich Joint Five-Year Infrastructure Investment Plan 2018-19 to 2022-23, and endorsement of the wider Greater Norwich Programme.

The Senior Planning Officer presented the report, drawing attention to paragraph 3.3 of the report, which listed those schemes within South Norfolk, to be supported by CIL funding.



The Chairman also drew attention to the projects identified in previous Growth Programmes, referring in particular to the Long Stratton bypass and Hempnall crossroads junction.

### **The Decision**

**RESOLVED: TO RECOMMEND THAT COUNCIL** approves the projects in South Norfolk to be included in the Greater Norwich Joint Five-Year Infrastructure Investment Plan 2018-19 to 2022-23 (Appendix 1), and endorses the draft programme for Greater Norwich, including the 2018/19 projects as the Annual Growth Programme, for consideration by the next meeting of the Greater Norwich Growth Board.

### **The Reasons for the Decision**

To ensure that the Infrastructure Investment Plan is fair, and that priorities set are in line with the planned level and distribution of growth.

### **Other Options Considered**

None

## **2625 CABINET CORE AGENDA**

Members noted the latest version of the Cabinet Core Agenda.

## **2626 EXCLUSION OF THE PUBLIC AND PRESS**

It was

**RESOLVED:** To exclude the public and press from the meeting under Section 100A of the Local Government Act 1972 for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended)

## **2627 LEISURE PRICING PROPOSALS FOR FUTURE DELIVERY**

### **The Subject of the Decision**

Members considered the *exempt* report of the Head of Health and Leisure Services, which proposed a new pricing structure for the Council's leisure facilities.

The Head of Health and Leisure presented his report, explaining that a review of pricing was required to ensure that it remained relevant, competitive and commercially viable. Members noted that any price increases would take effect from 1 April 2018, and be publicised from 1 March 18.

Cllr F Ellis confirmed that the Housing, Wellbeing, Leisure and Early Intervention Policy Committee had considered and endorsed the proposals.

Cabinet noted the reasons behind some of the planned increases, and still considered the service to be affordable and good value. During discussion, members referred to the improvement scheme at the Long Stratton Leisure Centre, noting plans for it to become a community hub for the village. The Head of Health and Leisure also referred to the success of the refurbishment at Wymondham, explaining that not only had membership increased, but the percentage of bookings on line had risen dramatically.

### **The Decision**

**RESOLVED:** To agree the proposed pricing structure for core prices as outlined in paragraph 4.1 of the report.

### **The Reasons for the Decision**

To ensure that the service remains relevant, competitive and commercially viable.

### **Other Options Considered**

- Do nothing
- Phased increase

(The meeting concluded at 10.47 am)

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Chairman

## **Electric Vehicle Charging Points in our Market Towns Car Parks.**

**Report of the Operational Economic Development Manager.**

Cabinet Member: Cllr. Lee Hornby, Regulation and Public Safety

**CONTACT**  
**Dave Disney 01508-533731**  
**[ddisney@s-norfolk.gov.uk](mailto:ddisney@s-norfolk.gov.uk)**

## 1. Introduction

- 1.1 The news that the government has decided to ban the sale of all diesel and petrol cars and vans by 2040, and car manufacturers increasingly announcing that they will cease to sell diesel cars from next year has led to an increasing focus on ultra-low emission Electric Vehicle technology and Electric Cars. This will undoubtedly mean a change to the Electric Vehicle charging infrastructure requirements across the country in the future. South Norfolk Council is keen to support economic growth in our Market Towns by making it easy for visitors and residents to travel to and from the Market Towns and proactively embraces feasible new and emerging technology to provide that growth. In the 2016 On Street parking proposals approved by cabinet, in October 2016, it was noted that:

*‘The recent introduction of electric vehicles and the forecasted increase in availability and predicted sales might require us to consider in future the provision of charging facilities in our Market Towns. Officers will continue to monitor public interest and potential demand and should this become sustainable, will work with both manufacturers and government agencies on the best practice and a way forward.’*

## 2. Background

- 2.1 The use of Electric Vehicles is on the rise and they are fast becoming commonplace. Electric Vehicles are also expected to play an important role in achieving the UK's targets for improving air quality and reducing carbon emissions. Just six years ago there were only 2,500 electric vehicles in the UK – now there are almost 80,000 and that number is predicted to continue to rise.
- 2.2 Ministers have called for local authorities to do more to help reduce carbon emissions and tackle air quality and the Autumn Statement announced a number of support schemes for electric vehicles, including a Charging Investment Infrastructure Fund to accelerate the roll out of charging infrastructure, and more money to help people buy electric cars. The Office for Low Emission Vehicles (OLEV), a team working across government to support the early market for ultra-low emission vehicles, is administering the Charging Investment Infrastructure Fund, which presents the Council with an opportunity to receive a grant amounting to 75% of the cost of supplying and installing fast charging points into our district. The Council's own car parks in the Market Towns provide an excellent spread of centrally located sites suitable for taking advantage of this opportunity. This would provide a broad coverage of charging infrastructure across the district and both enable, and encourage Electric Vehicle owners to use our Market Towns and extend dwell times, with the resultant boost to the local economy.

- 2.3 The District Council, provides 17 public car parks across the District within five locations – Diss, Harleston, Loddon, Long Stratton and Wymondham – with a total of 987 spaces overall. This presents the Council with a unique opportunity to provide Electric Vehicle charging points in a number of these car parks to support the planned growth in this emerging sector and encourage even more visitors to our Market Towns. This initiative would also allow resident car park permit holders to reap the benefits of electric vehicle ownership and more generally promote better air quality and low emissions in our Market Towns.
- 2.4 The OLEV grant criteria and minimum specification largely drives the decision as to which system to adopt; limiting the capacity of charging points to 22kw Type 2 ‘Fast’ chargers, which provide an average Electric Vehicle with a full charge in about 1.5 hours. This is clearly more efficient than the standard 8-12 hours a domestic unit could be expected to achieve and without the high cost of ‘Rapid’ chargers which can provide a charge within 30 minutes, but are considered cost prohibitive at £35,000 plus per unit and are not eligible under the grant criteria. Very few Electric Vehicles are compatible with ‘Rapid’ charging technology which would further reduce the available benefits to the maximum number of users. A 1.5 hour ‘Fast’ charge will allow users to charge their vehicle within the national average shopping stay of 2 hours, at a reasonable cost, and allow a reasonable turnover of the electric vehicle charging spaces to maximise the service to other Electric Vehicles owners.
- 2.5 Industry experts predict that as battery technology improves, the ability to merely ‘top-up’ will be of far more importance than to completely charge an EV as it is still anticipated that the majority of EV users will charge at home; once a week being an expected target by 2025. Therefore, with a network of charging points, it may well be the case that they will be used more as a ‘because it’s there’ basis rather than as a requirement to enable a return journey. This being the case, the very ‘rapid’ charge is more likely to be required only by business fleets and commercial vehicle operators who cover a high mileage.

### **3. Proposals**

- 3.1 It is proposed to locate the Electric Vehicle charging points in the busy town centre car parks to maximise the dwell time visitors spend in the local shops and therefore boosting the local economy. As the average Electric Vehicle will charge for an increasingly longer journey within 1.5 hours with a ‘Fast’ charger, and assuming that the majority will have at least some battery charge on arrival, the Council is hoping for a reasonably high turnover in users of the spaces, which will encourage more visits as the number of Electric Vehicles increase. The car parks nearer the actual high streets are also more likely to require less public realm infrastructure works, being closer to electricity mains.
- 3.2 The OLEV grant criteria also encourages the use of twin socket charging points, and because the power infrastructure may need to be upgraded in each location, economies of scale and a certain amount of future proofing lead Officers to recommend

two Electric Vehicle charging points per location. This will then provide capacity for 4 Electric Vehicles to be charged at any one time in each car park location and will also allow for the opportunity for future expansion as demand increases. There is also the option to reapply for further funding until the earliest of the 2020 grant cut-off date, or until the depletion of the funding. A three-phase power supply is required for certain 'Fast' chargers, and the grant will cover this initial upgrading to the car parks electricity supply via UKPN, as part of the installation, should it be required.

- 3.3 The procurement frameworks do offer some guideline costings for Electric Vehicle charging points and although only indicative at this stage, it is anticipated that the total installation, of two charging points in one car park in each of the five market towns, would be achievable within the maximum £100k total project limit OLEV have put in place. This would mean that aside of some signage costs and yet to be determined minor legal fees relating to an alteration to the Car Parking Order, the investment for the Council would be capped in the region of £25,000.
- 3.4 OLEV have advised that we should engage in a soft marketing exercise with several manufacturers in order to determine the best bespoke package and also the final location for each site, as each may have differing benefits to different solutions.

Location	UKPN	Electric Vehicle 2 points (4 bays)	Total Project
E.g. One car park per Market Town	£10,000 per car park location	£9,000 for both points, per location	£95,000
Signage, markings legal fees. (estimated)		£1000 per location	£5,000
		Total Cost	£100,000
		Grant Funding	£75,000
		SNC Contribution	£25,000

- 3.5 It is also part of the grant eligibility criteria that the Electric Vehicle points must be available for use to all Electric Vehicle owners and as such a Pay as You Go (PAYG) system is recommended. This avoids the need for users to belong to any of the various schemes which vehicle manufacturers themselves promote and also allows for the Council to regulate the tariff. The specific system for PAYG will depend on which Electric Vehicle point manufacturer wins the tender process to supply.
- 3.6 Several manufacturers offer the ability to have two-tier charging system which would enable an overnight rate, broadly in line with the home charging tariff, coupled with a daytime rate at a more premium rate which will allow for ongoing maintenance and the back-office function to be covered. Officers consider this to be a major benefit in encouraging the uptake of EV's by residents who have permits in our car parks, and will further improve the Council's approach to improving environment.
- 3.7 The Electric Vehicle points will include a back-office system and cashless payment system, as it is an accepted standard by OLEV that all Electric Vehicle users will have a credit card and a mobile phone. A registration process may be required for first time use, but is not anticipated to be too lengthy or complex. The ongoing revenue costs to the council, including annual service and maintenance of the charging points, are largely transaction based and are expected to be similar to those of our car parking machines, which, with the charging tariff being set by the Council, can be fully recovered.
- 3.8 OLEV are currently holding workshops to roll out the grant application procedure and the following timeline provides a summary of the anticipated stages of implementation:

Basic stage	Q1		Q2	Q3
Attend OLEV workshop/ soft marketing				
Apply for OLEV grant				
Grant approval				
Order Equipment				
Order UKPN Upgrade				
UKPN upgrade electricity supply				
Install Electric Vehicle Point, signage				
System live				



3.9 The following proposed Car Parks are recommended, but will ultimately be decided after the soft marketing exercise:

- For **Wymondham: Market Street Car Park** as it is the easiest car park to find in relation to the town centre and is the most central.
- For **Diss: Weavers Court Car Park**, as it gives good access to both the Heritage Triangle and Mere Street, via the Market Place.
- For **Harleston: Bullock Fair Close Car Park**, as it is the largest and closest to the retail area.
- For **Loddon: The Staithe Car Park**, as it is the largest and most central to the retail area.
- For **Long Stratton: Swan Lane Car Park**, the location to be mutually agreed with the Co-Op.

3.10 In each location, the most cost effective practical location will be selected and bays will be signed and allocated for Electric Vehicle use recharging only.

## 4. Risks and implications arising

- 4.1 The risk to the Council of not implementing this initiative is that the Market Towns are marginalised by the potential provision of Electric Vehicle charging points at locations outside of the town centres. This could result in fewer visits to the car parks and result in lower footfall for the Market Towns and reduced car park income to the Council.
- 4.2 There is a risk that the OLEV grant application is not approved and that substantially more than the £25,000 investment from the Council is needed in order to deliver the charging points in each Market Town.

## 5. Other options

- 5.1 The option to do nothing and wait for other providers to install Electric Vehicle charging points within the Market Towns would mean losing the strategic initiative and potentially allow the supermarkets and out of town providers to erode the attraction of our Market Towns.
- 5.2 The option to provide a standard domestic style 8-12-hour charging would not be attractive to shorter stay visitors, as the time required to significantly charge a vehicle would be prohibitive for anyone other than residents.

- 5.3 The option for rapid charging is not covered by the OLEV grant and would therefore be prohibitive in terms of cost at £35,000 per unit. In addition, not all Electric Vehicles accept rapid charging technology and therefore the usage would be restricted.
- 5.4 Other locations have been considered for the Electric Vehicle charging points, especially in the Council's long stay car parks; industry evidence however suggests that the long-term stays would then contribute to space blocking and prevent the space availability Electric Vehicle owners will require, and proximity to the shops they prefer. However, future consideration may well be given to habitual long stay sites, Cemetery Lane in Wymondham, for example, where a standard long duration slow charge may be applicable to railway users with Electric Vehicles, particularly as battery technology improves.

## **6. Recommendations**

- 6.1 For officers to engage with manufacturers in a soft marketing exercise.
- 6.2 For Cabinet to approve the application to OLEV for a grant to cover 75% of the cost of implementation of two Electric Vehicle Charging points in one of the car parks in each of the five Market Towns.

**Cabinet  
19<sup>th</sup> March 2018**

**Agenda Item No.6**

## **Home Options Policy changes following enactment of the Homelessness Reduction Act**

**Report of the Housing and Benefits Manager**

**Cabinet Member: Yvonne Bendle (Housing, Wellbeing, Leisure and Early Intervention)**

**CONTACT**

**Richard Dunsire**

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## **1. Introduction**

- 1.1** The Homelessness Reduction Act (HRA) gained Royal Assent on 27<sup>th</sup> April 2017 and will be enacted on 3<sup>rd</sup> April 2018. This Act has cross-party political support and it will impact on the work of all local housing authorities in England
- 1.2** This new legislation significantly changes the statutory duties which South Norfolk Council will owe to people who approach us because they are homeless or are likely to become homeless
- 1.3** Our preparations are progressing well and we are on course for readiness for the HRA. As part of our preparation our housing register policy (Home Options) requires some minimal changes to ensure that it remains legally compliant, fit for purpose and an important tool in SNC discharging our statutory duties.

## **2. Current Position**

- 2.1** Our current policy is well-regarded and we have a successful track record of making amendments to it following legislative changes. The biggest recent change as a result of new legislation followed the introduction of the Localism Act for which we received praise from the then Minister for Housing and Local Government.
- 2.2** Our current policy requires only minimal changes but these are necessary. The policy remains a fair and transparent means of allocating social housing to people in South Norfolk, but failure to take account of the Homelessness Reduction Act would significantly reduce the relevance of this policy and the tools available to us to help people.
- 2.3** The allocation of social housing properties is an important part of our homeless prevention work and our mechanism for discharging statutory duties owed to homeless households. The changes to our Home Options policy will ensure this remains the case once the Homelessness Reduction Act is implemented.

### **3. Proposals**

- 3.1** Qualification: The Home Options policy lists those people who qualify to join the scheme. The existing qualification criteria will be expanded to include people owed a homeless prevention or relief duty, provided the person is not subject to one of the existing reasons for non-qualification (Appendix - A)
- 3.2** Qualification will also be expanded to include certain care leavers who are offered enhanced local connections to local authorities if they become homeless under the Homelessness Reduction Act. This change is well-aligned with our Early Help work and is a change that South Norfolk Council officers are supportive of (Appendix - B & C)
- 3.3** The law requires that reasonable preference for an allocation must be made to certain groups of people. The sections of the relevant acts are listed in our current policy but do now change. We intend to simplify the relevant section of Home Options by referencing “relevant legislation” rather than the specific sections of different Acts. This will also future-proof any further legislative changes (Appendix - E)
- 3.4** A high priority for accommodation is currently awarded to people who are threatened with homelessness through no fault of their own. The policy will be amended to reflect those people owed homeless prevention or relief duties in the Emergency, Gold and Silver Band sections (Appendix - F, G & H)
- 3.5** The new legislation requires that people work with their local housing authority and take ownership of their housing issues. The new duties can be ended when someone “deliberately and unreasonably refuses to cooperate.” The Home Options policy will be amended to allow a reduction in preference that someone receives for this reason (Appendix - I & J)
- 3.6** The HRA requires that a Personalised Housing Plan be created with anyone owed a homeless prevention and/or relief duty and states that this must be regularly reviewed. Home Options policy should be amended to follow this and review where a high priority has been given to those owed a prevention or relief duty (Appendix – K)
- 3.7** Appendix L will be reworded to change: “Housing Access and Standards Manager” to read “Senior Manager” and remove a reference to Stonham Homestay as that service is no longer operating (Appendix – L)

*The changes are listed fully in the table below in the appendices*

### **4. Risks and implications arising**

- 4.1** The risk arising here is that failure to amend the Home Options policy in response to the introduction of new legislation means that the policy by which we allocate social housing becomes outdated and less relevant

- 4.2** A secondary risk of not amending the policy is that we will not be able to adhere to legislation which would impact on how we can help the people of South Norfolk find suitable sustainable accommodation
- 4.3** There is no financial impact arising from the suggested policy changes
- 4.4** The proposed changes will have a positive impact on people who are disadvantaged specifically those that are homeless or threatened with homelessness and engage with our service and are in line with our Equality Act duties

## **5. Recommendation**

- 5.1** That the suggested policy changes be adopted to the Home Options policy to take effect from 3<sup>rd</sup> April 2018 as the Homelessness Reduction Act comes into effect.

## Appendix

	Section and existing content	Change	New content
	<b>Section 2.1.2 Qualification</b>		
A		Add due to new duties	"Be owed a Relief duty under the Homelessness Reduction Act, when the local connection criteria as laid down in the homelessness code of guidance would apply"
B		Add due to new duties	"A young homeless care leaver under 21 years who has been looked after by Norfolk County Council for at least 2 years, including some time before they turned 16, under section 22A of the Children Act 1989."
C		Add due to new duties	"A care leaver age under 21 years, placed in accommodation in South Norfolk by another authority for at least 2 years, including some time before they turned 16, under section 22A of the Children Act 1989."
	<b>Section 2.1.3 Non-Qualification</b>		
D	They, or a member of their household, has caused damage to a property and been charged for damages and/or court costs of over £1000.	Add word "recharges"	"They, or a member of their household, has caused damage to a property and been charged for damages and/or recharges and/or court costs more than £1,000."
	<b>Section 2.3.1 Policy</b>		
E	The law requires that reasonable preference for an allocation must be made in the following cases (a) People who are homeless (within the meaning of Part 7 of the Housing Act 1996);	Change to simplify	"The law requires that reasonable preference for an allocation must be made in the following cases  (a) People who are homeless within the meaning of Part 7 of the Housing Act 1996 as amended/updated by the Homelessness Reduction Act.

	(b) People who are owed a duty by any local housing authority under section 190(2), 193(2), or 195(2) of the 1996 Act (or under section 65(2) or 68(2) of the Housing Act 1985, or who are occupying accommodation secured by any such authority under section 192(3);		(b) People who are owed a duty by a housing authority under relevant housing and homelessness legislation.”
	<b>Section 2.3.3 Bands</b>		
F		Add in Emergency Band	“An applicant who is homeless, or becomes homeless and is subject to the Relief Duty under the Homelessness Reduction Act and is placed in interim accommodation who is likely to have lost their accommodation through no fault of their own, for which there is no legal redress, who are assessed as probably having a priority need and who are actively co-operating with South Norfolk Council’s housing advice to prevent their homelessness”
G	“Applicants threatened with homelessness who are likely to lose their accommodation through no fault of their own, for which there is no legal redress, in the next 12 weeks, who are assessed as probably having a priority need and who are actively engaging with housing advice to prevent their homelessness.”	Change in Gold Band	“Applicants threatened with homelessness who are likely to lose their accommodation through no fault of their own, for which there is no legal redress, in the next 12 weeks, who are assessed as probably having a priority need and who are actively co-operating with South Norfolk Council’s housing advice to prevent homelessness or are owed a prevention or relief duty by South Norfolk Council.”
H	Applicants who are homeless and have lost their accommodation through no fault of their own or are threatened with homelessness and are likely to lose	Change in Silver Band	“Applicants threatened with homelessness who are likely to lose their accommodation through no fault of their own, for which there is no legal redress, in the next 12 weeks, who



	their accommodation through no fault of their own, for which there is no legal redress, in the next 12 weeks, who are assessed by the Council as not likely to be in priority need and who are actively engaging with housing advice to prevent homelessness		are assessed as not likely to have a priority need and who are actively co-operating with South Norfolk Council's housing advice to prevent homelessness or are owed a prevention or relief duty by South Norfolk Council."
I		Add in Bronze Band	"The applicant has deliberately and unreasonably refused to co-operate with South Norfolk Council to prevent or relieve homelessness."
J		Add in Bronze Band	"The applicant has deliberately and unreasonably refused an offer by South Norfolk Council or a scheme landlord of suitable accommodation available for six months to prevent or relieve homelessness."
	<b>Section 2.4.4 Revision of Applications</b>		
K		Add	"Prevention and Relief Gold and Silver Band revision will be set individually as part of the personal housing plan"
	<b>Appendix I</b>		
L		Change	Change to manager title "Housing Access and Standards Manager" to "Senior manager" Change "Circle Housing" to "Clarion" as have changed name Remove Stonham Homestay as no longer operating

**Cabinet**  
**19<sup>th</sup> March 2018**

**Agenda Item No. 7**

## **DISCRETIONERY PAYMENTS**

### **District Direct Hospital Discharge and Early Help Flexible Fund Payments**

**Report of the Policy, Partnerships and Delivery Manager**  
**Cabinet Member: Yvonne Bendle**

**CONTACT**  
**Tony Cooke 01508 533754**  
[tcooke@s-norfolk.gov.uk](mailto:tcooke@s-norfolk.gov.uk)

## 1. Introduction

- 1.1 The draft Housing Support and Regulation Strategy (HSRS) and associated policies were previously agreed by Cabinet on the 4<sup>th</sup> December. At that Cabinet, officers were asked to consider a discretionary grant to assist with reducing delays in hospital discharge by assisting people to return to their home. Following that meeting officers became aware of a discretionary Early Help support payment that fell within the definition of discretionary assistance that needed to be included in the list of Council agreed support and assistance.
- 1.2 The Housing, Wellbeing and Early Intervention Policy Committee considered the details of the District Direct Hospital Discharge Grant and Early Help Flexible Fund Payments on the 22<sup>nd</sup> January and recommended that the two grants be put to Cabinet for approval to be included in the Housing Support and Regulation Strategy.

## 2. Background

- 2.1 The Regulatory Reform (Housing Assistance England and Wales) Order 2002, made under the Regulatory Reform Act 2001 came into force on 18 July 2002. Councils are required to publish a policy detailing how it will exercise its powers and discharge its duties. The Housing Support and Regulation Strategy discharges that duty.

## 3. Proposals

- 3.1 The **District Direct Hospital Discharge Grant** (Appendix One) is intended to assist our residents who are able to return home from hospital, but are being prevented from doing so because there are factors at their home ( **that can be speedily remedied**), that prevent them from doing so. Enabling that speedy discharge enables the hospitals to make better use of their resources, freeing up expensive bed space and increasing health service capacity and resilience. More importantly for some of our residents, the speedy move back to their own homes improves their chances of recovery and lessens the likelihood of readmission and loss of life expectancy.

- 3.2 This grant is intended to compliment and not replace other support and assistance that may be available, either from the Council or other agencies.
- 3.3 It differs from the Disabled Facility Grant as it is addressing the immediate need which may be short term/temporary in nature, for example a resident returning home to recuperate. However, it could also be used to compliment a DFG by enabling a person with longer term needs to be able to return home with a support/care package whilst their longer-term needs could be addressed with a DFG, are fully assessed and understood.
- 3.4 We have set the maximum grant at £3000 to enable us to fund items that have been suggested by other agencies, however the experience from other parts of the country where such assistance is being provided indicates the average grant to be less than £500. With the most common works being installation of key-safes to allow carer access, and temporary ramping to doors to enable wheelchair access. This type of work could normally be undertaken by our Handyperson Service.
- 3.5 The type of work that could be funded has been included for example purposes not intended to be a definitive list. We have focussed on the intended outcome of the grant and the grant parameters in order to enable flexible responses and solutions to what will be invariably individual circumstances.
- 3.6 The **Early Help Flexible Fund** (Appendix Two) has had a wide range of applications with the key areas of spend being: emergency provisions such as food, electric or oil, support with household essentials and supporting people into or to maintain education, training or employment. The fund has also been used for the purchase of Help Hub resources which have provided support to multiple families.
- 3.7 Both grants will be subject to the governance and monitoring arrangements agreed on the overarching Housing Strategy previously agreed by Cabinet.

## **4. Risks and implications arising**

- 4.1 The Council is required to publish details of the support it provides to residents and how it will discharge its enforcement responsibilities. Failure to publish the details could lead to risk in reputation of the event of a complaint to the ombudsman.
- The Financial support offered is costed within the budget
  - The measures and services in this strategy do not adversely impact any of the protected characteristics as specified in the Equality Act 2010.
  - Measures and services in this strategy will have a positive impact on the environment.
  - Measures and services in this strategy will have a positive impact on crime and disorder.

## **5. Recommendation**

- 5.1 That Cabinet agree that the District Direct Hospital Discharge Grant and the Early Help Flexible Fund Payment, subject to amendments as agreed by Cabinet be included as an addendum to the South Norfolk Housing Strategy 2016 -2019.

## Appendix One

<b>SOUTH NORFOLK DISTRICT DIRECT HOSPITAL DISCHARGE GRANT</b> Note: The grant will be funded from the Disabled Facility Grant allocation made to the Council through the Better Care Fund.	
Purpose of grant	To assist a person in a hospital (acute/non-acute) setting to return to their home.
Maximum Grant	£3000
Eligible Persons	<p>A person who is normally a resident of South Norfolk who is in a hospital setting and able to return to their home, or the home of their main carer, and is prevented from doing so because of the condition of the home.</p> <p>The person must be in receipt one or more of the following benefits</p> <ul style="list-style-type: none"> <li>• Income Support</li> <li>• Pension Credit Guarantee</li> <li>• Job Seekers Allowance (Income related)</li> <li>• Employment Support Allowance (Income related)</li> <li>• Housing Benefit</li> <li>• Council Tax Support</li> <li>• Universal credit</li> </ul>
Eligible Properties	A permanent and legal residence including dwellings, mobile homes or caravans and houseboats.
Eligible Works/equipment	<ul style="list-style-type: none"> <li>• Minimum cost of works £50.00</li> <li>• Works that are essential for safe access into and around the home, the safe occupation of, and to enable the provision of personal care.</li> <li>• Works must be urgently needed to enable the person to return home and of the nature that can be quickly carried out.</li> <li>• The Eligible person must be responsible for the for the cost of the works. Works /support/equipment that would normally be the responsibility of another agency would not be eligible.</li> </ul>

	<ul style="list-style-type: none"> <li>• Eligible works will be agreed by the South Norfolk Council Independent Living Team</li> </ul>
Eligible expenditure	15% of the cost of works Care and Repair Fees to cover the cost of arranging for and making payments to the contractors to undertake the work
Relevant Works	<p>Repairs, equipment, adaptations and other measures to allow the person and their carers safe access into and around their home.</p> <p>Examples of works include</p> <ul style="list-style-type: none"> <li>• Portable/temporary ramping</li> <li>• Temporary stair lift</li> <li>• Over bath shower</li> <li>• Furniture moving</li> <li>• Stair and grab rails</li> <li>• Key safe</li> <li>• 3 months' community lifeline</li> <li>• Environmental controls</li> <li>• Repairs</li> <li>• Heating upgrades</li> </ul>

## Appendix Two

<b>EARLY HELP FLEXIBLE FUND - funded by South Norfolk Council</b>	
Purpose of assistance	<ul style="list-style-type: none"> <li>• To provide funds to allow people or families in need of early help support to remain safe, well and independent.</li> <li>• To enable an individual or family who needs additional support to access and make habitable appropriate accommodation in the community and/or to enable continued independent living in the community or in their own home (excluding rent and housing costs).</li> <li>• Funding to allow individuals or families supported through early help to access other services and provision which will have a positive impact on the individual or family's wellbeing and prosperity, including but not limited to: employment, education and training related expenses.</li> </ul>
Maximum Grant	£250 (per household)
Minimum Grant	NA
Eligible Persons	<ul style="list-style-type: none"> <li>• Resident of South Norfolk</li> <li>• In financial hardship (as evidenced by referring agency or by the individual)</li> <li>• Unable to afford the requested item(s)/provision through own means</li> <li>• Active case of at least one EH partner agency and has consented to a request for support</li> <li>• No access to alternative sources of funding</li> </ul>
Ineligible Persons	<ul style="list-style-type: none"> <li>• Those unable or unwilling to provide evidence of financial hardship (evidence can be verbal or information from EH partner)</li> <li>• Those able to afford the relevant item but unwilling to use their own funds.</li> <li>• Those unwilling to work with the South Norfolk help hub or one of the agencies within the early help partnership to address underlying need.</li> </ul>



Entry route	<ul style="list-style-type: none"> <li>Any South Norfolk Early Help partner</li> <li>Direct via Early Help request for support</li> </ul>
Eligible costs	<ul style="list-style-type: none"> <li>Emergency provision of food and/or other vital household items to provide sustenance for up to 3 days where provisions cannot be accessed via foodbank or other sources.</li> <li>Emergency provision of electric and/or gas to cover a period of up to 3 days where an agreement cannot be made with an energy supplier or where funding cannot be accessed through appropriate loans or alternative grant funding.</li> <li>Provision of heating oil where no other suitable source of hot water and/or heating is available within the property. Quantity of oil purchased subject to supplier minimum amounts.</li> <li>Access to resources which enable the individual or family to overcome barriers to wellbeing or achieving potential, including access to employment, education and training and emergency transport costs.</li> </ul>
Ineligible costs	<ul style="list-style-type: none"> <li>Items or provision which are not necessary for the customer or family to remain safe and well or which does not alleviate the presenting hardship or barriers to achieving potential.</li> <li>Funding for any one-off item where by funding has already been provided through the Flexible Fund on a previous occasion under the same circumstances.</li> </ul>
Delivery mechanism	<ul style="list-style-type: none"> <li>Applications are made via the Early Help Request for Support Process. Applications will be decided on by an authorising officer and signed off by the budget holder at South Norfolk Council.</li> <li>The precise delivery of the Flexible Fund payment will depend on the resource being provided. Where a request for support is made by a practitioner / worker, the onus will be on the worker to provide information and costings for the items requested.</li> <li>The flexible fund will not take the form of a cash grant direct to customers.</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>Where support is provided because of an unmet support need the customer must agree to engage with the relevant offer of ongoing support in order to access the Flexible Fund.</li> </ul>

	<ul style="list-style-type: none"><li>• Where a customer receives support through the flexible fund on more than one occasion in the same financial year the total amount shall not exceed £250.</li></ul>
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**Cabinet  
19 March 2018**

**Agenda Item No. 8**

## **Response to Fair Funding Review Technical Consultation**

**Report of the Accountancy Manager**

**Cabinet Member: Barry Stone – Portfolio Holder for Finance and Resources**

**CONTACT**

**Matthew Fernandez-Graham**

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**[mgraham@s-norfolk.gov.uk](mailto:mgraham@s-norfolk.gov.uk)**

## **1. Introduction and Background**

- 1.1** The government has been undertaking a Fair Funding Review of local government, a review of relative needs and resources for local authorities. As part of this, the Ministry of Housing, Communities and Local Government (MHCLG) issued a technical consultation on relative need, consulting on how the formula for funding local government should be constructed. South Norfolk has led on producing a joint response to this consultation on behalf of 6 District Councils: Breckland, Broadland, Great Yarmouth, King's Lynn & West Norfolk, North Norfolk and South Norfolk Councils. The deadline for responses was 12<sup>th</sup> March and therefore a response has been submitted, following consultation with the Leader of the Council and the Portfolio Holder for Finance and Resources. The Leader and officers have also contributed to two workshops on Fair Funding held by the District Councils' Network and the Local Government Association. This report outlines the final response to the consultation.

## **2. Summary of the Consultation**

- 2.1** The consultation is attached as Appendix A of this report. The consultation seeks views on the approach to measuring the relative needs of local authorities. Following a previous consultation, the government has established a number of principles that the Fair Funding Review should follow and that any new funding formula should reflect. These are: Simplicity, Transparency, Contemporary (Up-to-date), Sustainability, Robustness, Stability. In addition to these principles, a key objective of the review is to work in conjunction with wider reforms to local government finance, e.g. business rates retention, and help provide a strong incentive for councils to grow their local economies and to use their resources as efficiently as possible.
- 2.2** The consultation document does the following:
- provides a summary of how relative needs assessments in England have worked in the past
  - presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost drivers

- considers a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required
- outlines the statistical techniques that could be used to construct relative needs formulas
- seeks views on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic

**2.3** The bulk of the consultation is taken up with consideration of the core cost drivers that underpin need for services from local authorities, which would be included in the “Foundation Funding Formula” and appropriate measures for these cost drivers, along with consideration of cost drivers for particular services such as waste and the associated measures.

### **3. Summary of the Response**

**3.1** The joint response submitted is attached as Appendix B of this report. The response makes the following key points:

- Despite the formulas being used, it is important that the overall quantum is high enough to ensure that funding levels are sufficient for everyone to meet the overall needs of the population.
- We welcome the overall drive for a more understandable and transparent approach.
- The emphasis given to the higher costs of delivering services in rural areas is very welcome. It could be reinforced still further through inclusion of measures of household dispersal, property density and rural isolation. It is important that higher funding for rural services is not dampened away as happened with previous formula changes.
- General Fund services for Housing and Homelessness should have a specific formula to reflect the relative demand for these services

- Funding pressures experienced by those authorities with Internal Drainage Board (IDB) levy responsibilities should be addressed, preferably by IDBs levying a separate precept on the Council Tax to improve transparency.

## **4. Future Timescale**

**4.1** The Fair Funding Review is timetabled to complete in time to inform the Local Government Financial Settlement for 2020/21.

**4.2** The provisional timetable as set out by MHCLG is shown below:

- Consultation on relative needs closes – March 2018
- Academic engagement – begins January 2018
- Planned series of technical papers – spring/summer 2018
- Finalise overall structure and leading options for needs assessment and resources assessment – summer 2018
- Finalise options for needs and resources – spring 2019
- Children's Services research concludes – summer 2019
- New Index of Multiple Deprivation – summer 2019
- Set baseline funding levels and finalise transitional arrangements - autumn 2019

## **5. Risks and implications arising**

**5.1** As can be seen from the consultation, there is currently insufficient detail to model the impact on South Norfolk Council's finances. Once this detail emerges, then modelling will be undertaken. As it stands, the uncertainty over funding from 2020/21 is a risk to the Council, which is being mitigated through the use of prudent assumptions in the Medium Term Financial Strategy.

## **6. Conclusion**

- 6.1** The outcome of the Fair Funding Review will have a major impact on the Council's finances from 2020/21. It is therefore important that its voice is heard in the discussion. Having a joint response from 6 District Councils in Norfolk adds weight to the Council's position.

## **7. Recommendation**

- 7.1** Cabinet is recommended to note the report and to endorse the response to the consultation (Appendix B).



Department for  
Communities and  
Local Government

# Fair funding review: a review of relative needs and resources

Technical consultation on relative need





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# Ministerial foreword

The world in which we live is changing. The demographics of our population are shifting, public services are being transformed by new thinking and new technology, even the way we work and travel is not the same as it once was.

All of that has an impact on local government, with changes in the demand for and delivery of the many different services it provides. And that, in turn, has an impact on the funding required by different councils.

The current system for allocating that funding has been in place for over a decade, and it has served the country well. But the world has changed almost beyond recognition since it was introduced, and now it's time for the system to change too.

I want local government funding to be decided in a fair, robust and evidence-based way, one that reflects the most up-to-date picture of councils' relative needs and resources. That's why my predecessor committed to a Fair Funding Review and why, last year, we published a call for evidence to help us see what that review could look like.

This consultation is the next step in the process, seeking views on what factors drive local government spending, and how we account for this in a way that draws a more transparent and understandable link between local circumstances and local resources.

Authorities up and down the country have called for a funding allocation mechanism that's fit for the future, and that's exactly what this review will deliver. I look forward to working with the sector to make it as robust and effective as it can be.

**Secretary of State for Communities  
and Local Government**

**The Rt Hon Sajid Javid MP**

A handwritten signature in blue ink, appearing to read 'S. Javid'.

**Minister for Local Government**

**Marcus Jones MP**

A handwritten signature in blue ink, appearing to read 'Marcus Jones'.

**December 2017**



# Scope of the consultation

Topic of this consultation:	Consultation on the approach to measuring the relative needs of local authorities.
Scope of this consultation:	This consultation seeks views on the approach to measuring the relative needs of local authorities.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	No impact assessment has been produced for this consultation.

## Basic Information

To:	The consultation will be of particular interest to local authorities, and representative bodies for local authorities.
Body/bodies responsible for the consultation:	Local Government Finance Directorate within the Department for Communities and Local Government.
Duration:	This consultation will last for 12 weeks from 19 December 2017 to 12 March 2018. All responses should be received no later than 23:45 on 12 March 2018.
Enquiries:	For any enquiries about the consultation please contact the Local Government Finance Settlement Team:  <a href="mailto:NeedsAndResources@communities.gsi.gov.uk">NeedsAndResources@communities.gsi.gov.uk</a>
How to respond:	<p>Consultation responses should be submitted by online survey:  <a href="https://www.surveymonkey.co.uk/r/relativeneeds">https://www.surveymonkey.co.uk/r/relativeneeds</a></p> <p>The online survey assists us in our analysis of the responses received. The online survey allows respondents to save and return to the survey later and submit additional information or evidence to support your response to this consultation. Further advice on how to use these features is available on the home page of the online survey.</p> <p>Should you be unable to respond via the online survey we ask that you complete the consultation response pro-forma published alongside this consultation paper. Additional information or evidence may be provided in addition to the completed pro-forma.</p> <p>Pro-forma responses and any additional information or evidence may be sent by email to:</p>

[NeedsAndResources@communities.gsi.gov.uk](mailto:NeedsAndResources@communities.gsi.gov.uk)

Written responses may also be sent to:

Local Government Finance Settlement Team  
Department for Communities and Local Government  
2nd floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DF

When replying to this survey please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name,
- your position (if applicable),
- the name of organisation (if applicable),
- an address (including post-code),
- an email address, and
- a contact telephone number

# 1. Introduction

## 1.1 About this consultation

- 1.1.1. Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.
- 1.1.2. Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Government last year announced a review to address concerns about the fairness of current funding distributions. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.
- 1.1.3. Last year the previous Government published a Call for Evidence on needs and redistribution, which resulted in over 200 responses from a range of local authorities and representative bodies. These responses have been carefully considered in preparing this consultation paper. A summary of responses received to the Call for Evidence together with the Government's response to a number of the important issues raised is published alongside this consultation:

<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>

- 1.1.4. Over the past year, the Department for Communities and Local Government (DCLG) has worked in close collaboration with local authorities and their representatives on the design of the review, including through a joint Local Government Association (LGA) and DCLG chaired technical working group. Records of the technical papers and discussions are available on the LGA's website:

[www.local.gov.uk/topics/finance-and-business-rates/business-rates/business-rates-retention](http://www.local.gov.uk/topics/finance-and-business-rates/business-rates/business-rates-retention)

- 1.1.5. This consultation focuses specifically on potential approaches that have been identified to measure the relative needs of local authorities. Responses to this consultation are requested by 12 March 2018.

## 1.2. The case for change

- 1.2.1. Local government is the frontline of our democracy and accounts for almost a quarter of public spending. It delivers a wide range of important services used by residents on a daily basis, and provides essential support for the most vulnerable people in our society. The local government funding system must therefore offer appropriate levels of stability and assurance to councils to support financial planning, along with greater control over the money they raise and strong incentives to deliver services efficiently and in a way that promotes local economic growth. The Government will therefore seek to ensure funding is allocated in a way that supports these objectives whilst providing councils with the flexibility to meet their own local priorities.
- 1.2.2. No two local authorities are the same. Changes in demography and the cost of service delivery will affect areas differently across the range of services, while the challenge of growing local economies varies. This review will address concerns about the fairness of the current distribution of funding to local authorities, ensuring that funding allocations reflect the relative 'need to spend', and taking into account the capacity of authorities to fund local services through local income.
- 1.2.3. The current local government funding system is often criticised for its complexity. The Government will therefore work towards a system that is, as far as is practicable, more simple and transparent whilst providing as much discretion as possible to local councils over the use of resources so as to empower the transformation of local services and ensure that councillors are accountable for deciding how funding is used locally.

## 1.3. Terms of reference

- 1.3.1. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best evidence available.
- 1.3.2. The review will:
  - **set new baseline funding allocations** for local authorities,
  - deliver an **up-to-date assessment of the relative needs of local authorities**. The Government has been clear that there will continue to be redistribution of business rates between local authorities to take account of relative needs; the review will determine what the redistribution should be,



- **examine the relative resources of local authorities.** The Government will take a fresh look at how council tax income should be taken into account when redistributing business rates at local government finance settlements, and will also consider other potential sources of income available to councils,
- focus initially on the **services currently funded through the local government finance settlement**, and
- **be developed through close collaboration with local government** to seek views on the right approach. Alongside on-going engagement with the sector and formal consultation, we plan to publish a series of technical papers to ensure that local authorities are well sighted on our progress, as outlined in section 1.5.3 below. This will include careful consideration of transitional arrangements to ensure any changes in funding are introduced in a manageable way.

## 1.4. Guiding principles

- 1.4.1. Last year the Government published a Call for Evidence on needs and redistribution which received 209 responses, 179 of which were from local authorities. It included 14 questions that were designed to explore respondents' views on the key issues that the Government will address: how to measure relative needs, how resources should be taken into account, the approach to transition and the geographical level at which need should be assessed.
- 1.4.2. A summary of the wide range of responses received, and the Government's response to these important issues, is published alongside this consultation.
- 1.4.3. Based on the responses received to this Call for Evidence the Government has identified a set of principles to guide the work of the fair funding review. These represent the framework which the Government will use in designing a new relative needs assessment methodology, having considered the responses to this consultation:
  - i) **Simplicity** – the overall number of formulas used within the current methodology, along with the layers of complexity contained within them, means that they are little understood and may no longer hold the same relevance as when they were first introduced. This is an opportunity to identify the most important factors that drive the 'need to spend' on local services, and we will aim to produce a relative needs assessment that is as simple as is practicable,

- ii) **Transparency** – it should be straightforward for those affected by the relative needs assessment to understand what factors have influenced the levels of funding received by a local authority so that they can hold their local representatives to account for the decisions that they make. To support this we will make the link between local circumstances and funding allocations more visible,
- iii) **Contemporary** – the new relative needs assessment will be based on the most up-to-date data that is available. To facilitate more frequent updates, as far as practicable the funding formula will be based on data that can be regularly updated at planned intervals. If the collection of data or other technical requirements means that desirable changes cannot be made at the point of implementation, the Government will consider whether and how to phase these in at a later date whilst providing councils with financial certainty,
- iv) **Sustainability** – an evidence-based approach will be deployed to identify the factors which drive costs for local authorities today *and* in the future. The new funding formula must, as far as is practicable, anticipate future demand for services,
- v) **Robustness** - the new funding formula should take into account the best possible objective analysis, and
- vi) **Stability** – the funding formula should support predictable, long-term funding allocations, ideally as part of a multi-year settlement. Local authorities' long-term financial planning and service delivery will also be assisted by temporary transitional arrangements to their new relative needs baseline to ensure there are no undue year-on-year changes in funding.

1.4.4. In addition to these principles, a key objective of the review is to work in conjunction with wider reforms to local government finance and help provide a strong incentive for councils to grow their local economies and to use their resources as efficiently as possible.

## 1.5. Implementation

1.5.1. There have been widespread calls for a thorough, evidence-based review, based on effective collaboration with local government. Many have argued that the current four year settlement should run its course to 2019/20. The Government believes that working towards an implementation date for the review of 2020/21, while keeping this under review as work progresses, offers the best opportunity to achieve these

objectives, alongside wider policy developments in local government finance and adult social care.

1.5.2. The focus of the review can broadly be divided into three closely related strands of work:

- i) relative needs,
- ii) relative resources, and
- iii) transitional arrangements.

1.5.3. This consultation is specifically concerned with the first of these areas - the measurement of relative needs. The Government plans to follow this consultation with a series of technical papers that will consider other aspects of the review, including topics such as:

- the structure of formulas for **service specific cost drivers** that may, subject to this consultation, be included in the relative needs assessment,
- the assessment of the **relative resources** of local authorities, including how income from council tax will be taken into account, and
- **transitioning to the new funding distribution**. The Government recognises that introducing a new needs and resources formula could result in significant changes to the funding baselines of some local authorities. We therefore intend to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated. We anticipate that any transitional arrangements will unwind over time.

## 1.6. This consultation

1.6.1. The Government proposes to base the assessment of local authorities' relative needs on a relatively small number of forward looking cost drivers with a transparent process for establishing the weightings between them. To help inform the debate about how to refine this proposal, this consultation:

- provides a summary of how relative needs assessments in England have worked in the past (Chapter 2),
- presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost drivers (Chapter 3),

- considers a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required (Chapter 4),
- outlines the statistical techniques that could be used to construct relative needs formulas (Chapter 5), and
- seeks views on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic (Chapter 6).

## 2. Measuring need

### 2.1. Summary

2.1.1. This chapter outlines the previous approaches that have been used to measure the relative needs of local authorities and considers the structure of a new relative needs assessment formula. In summary it describes:

- how the formulas used to determine relative needs have operated in the past,
- the key criteria that the Government will use to assess whether cost drivers should be included in a new relative needs assessment,
- the services currently provided by different tiers of local government, which will be the initial focus of the relative needs assessment, and
- potential approaches to grouping the cost drivers of these services, and therefore the structure of the relative needs assessment.

### 2.2. How funding formulas work

2.2.1. The overall level of funding available to local government as determined by the local government finance settlement is redistributed between individual councils using a number of mathematical formulas. These funding formulas are populated by indicators or variables, chosen because they were considered at the time to be predictive of the costs that councils face when delivering different services.

2.2.2. For example the adult social care relative needs formula includes variables that reflect the number of eligible older people, while the formula for highways maintenance includes variables which measure road length and usage. The formulas will allocate more money to areas where the data indicates that they have relatively more older people, or relatively more roads, and so on.

2.2.3. For most services there is more than one indicator of 'need to spend'. Taking adult social care as an example again, in addition to the number of older people in an area, the number of older people with complex health problems and the income of those older people can also have a significant impact on the cost of providing adult social care services to the area. This has resulted in the current formula for Social Services for Older People, for example, consisting of a basic amount per person aged 65 and over, plus a number of additional top-ups. The relative amount to be allocated to each local authority for this service is therefore calculated as follows:

- The projected population aged 65 and over in that area (unique to each local authority)

*multiplied by*

- A basic amount per person over 65 (the same for every authority)

*Plus*

- A top up for the number of people aged 90 or over, which is calculated by taking:
  - The proportion of those aged over 65 who are also aged 90 or over (unique to each local authority)

*multiplied by*

- A scaling factor, representing how important this cost driver is (the same for every authority)
- Plus a series of similarly constructed top ups for deprivation, sparsity, low income and area costs which are considered the other relevant drivers of costs for this particular service.

2.2.4. These cost drivers represent only one client group for adult social care services and one of the key challenges when designing a relative needs assessment formula is to decide how many cost drivers for different services and client groups should be included. The costs of providing adult social care in any authority will depend on the unique characteristics of the population in that area. Whilst in theory, including a large number of variables to capture all of these characteristics would perfectly predict the costs for that area, this would result in significant complexity and may not be a good predictor for the cost of providing care anywhere else. The aim of funding formulas is therefore to identify the most efficient number of variables to explain the greatest amount of variance in 'need to spend' as is both practicable and desirable.

## 2.3. The evolution of the local government relative needs assessment

2.3.1. The use of formulas to distribute grant funding to local authorities can be traced as far back as the 19th century. Since the 1970s and the advent of computing, statistical analysis has periodically been carried out to ascertain the most important indicators of relative need. Over recent years, funding formulas have

become more complicated. They have collected more data from within local authorities, utilised sophisticated analytical techniques and attempted to capture as many factors as possible that influence local authorities' 'need to spend'.

2.3.2. Between 1990 and 2003, a formula-based approach known as '**Standard Spending Assessments**' (SSAs) was used to calculate authorities' funding requirements for the annual local government finance settlement. The formulas were arrived at using a mixture of analytical techniques. An authority's Revenue Support Grant (RSG) was set as the difference between its need (its SSA) and a measure of the income it could raise from council tax and redistributed National Non-Domestic Rates (business rates).

2.3.3. With the aim of increasing both transparency and predictability of local government funding through SSAs, the Government undertook a fundamental review of the funding formulas in 2000, in partnership with the sector and other interested parties. This resulted in a new approach known as '**Formula Spending Shares**' (FSSs) in 2004, with a number of changes including:

- a more explicit link to the relative needs and resources aspect of determining an authority's funding allocations,
- a system of transitional 'floors and ceilings', which was extended to all councils to give councils greater predictability in their funding from year to year, and
- a standard format for representing formulas, which made them easier for councils to understand.

2.3.4. The system of FSSs lasted until 2006, when the Government introduced the '**4-block**' model. The blocks in this instance referred to the four components of calculating funding under the approach, which were:

- i) the relative needs amount – this allocated funding based on relative need using formulas similar to the previous FSSs,
- ii) the relative resource amount – this acted to adjust a council's funding to take into account its relative ability to raise income from council tax,
- iii) the central allocation – this allocated an amount of funding to each local authority based on its population, and
- iv) the floor damping block – this ensured that all authorities received at least the floor percentage change year-on-year.

- 2.3.5. The 4-block model introduced for the first time the redistribution of business rates between councils on the same basis as RSG.
- 2.3.6. The 4-block model was maintained until 2013/14 and the introduction of the 50% business rates retention system. Authorities' initial funding under this scheme was calculated using the same 4-block model, with the allocation split between an amount funded from business rates and an amount from RSG. This was done to give councils stability in their funding as the local government finance system moved to incentivise growth.
- 2.3.7. Since the 2013/14 local government finance settlement, councils' underlying levels of 'need' have not been updated. This has ensured that councils that have grown their business rates have benefited from the additional income that this has generated.
- 2.3.8. The current individual funding allocations for local authorities are therefore based on relative need formulas that were last updated in 2013/14, although the underlying statistical modelling which determines the cost drivers and the weightings given to them is older.

## 2.4. Key criteria for including cost drivers in the formula

- 2.4.1. A previous desire to fully capture every aspect of local authorities' needs has led to increasingly large numbers of variables being included in the formulas over time. Over 120 variables were used in the last relative needs assessment and many of those variables have a relatively minimal impact on the overall distribution of funding. Using such a large number of variables across multiple different formulas, in combination with the three other steps in the existing 4-block model to adjust for relative resources, split funding between tiers of services and implement damping, has made the overall funding formula less transparent and consequently harder to comprehend.
- 2.4.2. Chapter 1 of this consultation sets out the guiding principles that the Government is using to direct the work of the review. The Government believes that, in line with these principles, a new formula should focus only on the most important cost drivers for delivering services today and in the future, with the aim of developing a simpler, more transparent and up-to-date funding formula.
- 2.4.3. If a new formula is to include fewer variables that represent the key cost drivers facing local authorities, it will be even more important to ensure they are the right cost drivers. The Government is therefore proposing that the following criteria should be used to assess cost drivers before they are included in the funding



formula:

- i) **Relevant** – there should be evidence to demonstrate that the cost driver has a significant impact on the cost of providing services,
- ii) **Objective** – the cost driver should be measurable using robust, up-to-date data that is collected on a consistent basis across England. Local authorities should not be able to directly affect the indicator (i.e. the cost drivers should not create perverse incentives to ‘game’ the system),
- iii) **Distinct** – the cost driver should explain significant variation in the ‘need to spend’ that is not covered by another cost driver,
- iv) **Stable** – the cost driver should not exhibit unpredictable or large changes year-on-year, and
- v) **Future proof** – the cost driver should be expected to drive the on-going costs of providing services (i.e. they should not be one-off events).

## 2.5. Services provided by local government

- 2.5.1. The cost drivers that are included in the formula will need to relate to the services currently delivered by local government. Local authorities are responsible for around a quarter of public expenditure in England and they deliver a very wide range of essential public services. These include personal protective services such as adult and children’s social care, as well as waste collection and disposal, highways maintenance, housing, cultural facilities, and other protective functions such as environmental, coastal and flood defences.
- 2.5.2. However the structure of local government varies across England, with different types of local authority responsible for providing different sets of services. The relative needs assessment developed by the Government will therefore need to provide local authorities with their appropriate share of the available funding to support the services for which they are responsible.
- 2.5.3. Some of the responsibilities of different types of local authorities are illustrated in Table 2.1.

**Table 2.1: Local authority responsibility for services in England**

Main services	Shire areas			Metropolitan areas	London	
	Unitaries	Counties	Districts	Metropolitan Districts	London boroughs	GLA <sup>1</sup>
Education	●	●		●	●	
Environmental health	●		●	●	●	
Highways	●	●		●	●	●
Housing	●		●	●	●	●
Leisure	●		●	●	●	●
Libraries	●	●		●	●	
Passenger transport	●	●		●		●
Planning applications <sup>2</sup>	●		●	●	●	●
Revenue collection	●		●	●	●	
Social care	●	●		●	●	
Strategic planning	●	●		●	●	●
Transport planning	●	●		●	●	●
Waste collection	●		●	●	●	
Waste disposal	●	●		●	●	

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<sup>1</sup> The GLA is a local authority and has responsibility for fire, planning applications, strategic planning, housing, transport planning, cultural and leisure and other functions directly and through its functional bodies. It also receives police funding through the current local government finance settlement in respect of prior year council tax freeze grant. Mayoral Combined Authorities will progressively have similar functions (but not necessarily all), from 2017/18.

<sup>2</sup> County Councils are responsible for planning applications that relate to waste sites and minerals, as well as their own developments, such as most schools, care homes, fire stations and non-trunk roads.

## 2.6. Options for measuring relative need for different services

- 2.6.1. At present, 15 relative need formulas and several tailored distributions for services previously supported by specific grants are used to determine annual funding allocations for each local authority across England. These formulas involve over 120 indicators of 'need', reflecting factors previously identified as driving the costs of service delivery.
- 2.6.2. This approach of using different formulas for the various different service areas has been used for a number of years. However there are a range of options which could be considered for the new relative needs assessment. There are three broad approaches that can be taken:

### **i) Individual funding formulas for each duty**

Instead of grouping services into general themes or blocks, individual formulas could be constructed for each individual service that local authorities are responsible for. Each formula would reflect factors specific to the service concerned and could generate a highly nuanced relative needs distribution. However, given the wide range of legal duties performed by local authorities - the National Audit Office have counted over 1,200<sup>3</sup> - this approach would mean local government funding would depend on a very large number of overlapping formulas using the same or similar underlying indicators. This could make it difficult to understand the principal factors which drive local authorities' 'need to spend', and it would lead to a much more complicated system than currently exists.

### **ii) Grouping services into blocks**

Grouping similar services, such as all services relating to adult social care, into blocks would reduce the number of individual formulas that are required in the relative needs assessment. This approach could significantly simplify the current funding formulas while enabling the necessary accuracy to be retained for specific areas where more detailed formulas add value. However, it could also lead to the exclusion of some specific drivers of need for smaller or more specialised services that may be important for some authorities.

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<sup>3</sup> <https://www.nao.org.uk/wp-content/uploads/2014/06/Local-government-funding-assurance-to-parliament.pdf>

### iii) A simple ‘foundation’ funding formula

There are a number of factors, such as the basic demographic characteristics of an area, which affect the cost of providing multiple services. Therefore it may be possible to use a simple foundation formula to allocate funding to each type of local authority based solely on these cross-cutting or ‘common’ cost drivers. This approach would make the relative needs assessment much simpler but would result in particular cost drivers for some large specific service areas being excluded, which may result in a less fair distribution for authorities that have high costs in delivering those services.

- 2.6.3. The Call for Evidence on needs and redistribution that was published last year asked for views on the balance between simple and complex funding formulas. The majority of respondents advocated a simpler approach. However many also argued that simplification should not be achieved at the expense of accuracy. Many of the responses received also felt that it should be possible to retain an appropriate level of complexity while increasing the level of transparency.
- 2.6.4. Introducing a foundation formula based on common cost drivers to allocate funding to each type of local authority would result in the most understandable and transparent system. Non-specialists would easily be able to see in the clearest possible terms how the differences in common cost drivers between areas affected the level of funding authorities received. However, such a simple approach would involve a greater degree of Ministerial judgement than the current relative needs assessment. Changing the structure of the relative needs assessment in such a significant way could lead to dramatic changes in funding allocations for some authorities, and such a simplified approach might fail to capture variation in important cost drivers. This would likely be amplified for those authorities with an exceptionally high level of demand for, or unique costs of delivering a relatively expensive service.

## 2.7. Structure of the relative needs assessment

- 2.7.1. Having considered the responses to the Call for Evidence on the balance between simplicity and complexity, the Government is committed to implementing an approach that is as simple and transparent as possible but recognises this should not be at the expense of accuracy and fairness.
- 2.7.2. We are therefore proposing to develop an approach that begins with a transparent foundation formula to allocate all, or at least a proportion, of the available funding

to each type of local authority. Chapter 3 of this consultation considers what 'common cost drivers' should be included in a foundation formula.

- 2.7.3. However, we also acknowledge that there may be particular service areas where a more specific approach is required, and so we will also consider the case for going further and allocating a proportion of the available funding based on the particular cost drivers for those services. The potential services that may be treated in this way are outlined in Chapter 4 of this consultation where we invite views, supported by evidence, on which service areas may require a more specific approach and the most important 'service specific cost drivers' to include in developing this approach.
- 2.7.4. Adopting a more specific approach for one or more service areas would reduce the scope of the foundation formula, and the services it represents. A foundation formula, based on a set of common cost drivers, could then be a simple and transparent way of reflecting many of the universal services provided by councils (see section 3.2) for which population is a key cost driver. This approach to the foundation formula could be particularly relevant to district councils given that several of the specific services discussed in Chapter 4 are not district responsibilities (e.g. social care).
- 2.7.5. Even a foundation formula, for each type of authority, is likely to include more than one cost driver. Chapter 5 of this consultation therefore considers the approach to determining the relative weighting of different cost drivers, which would then help to determine how much funding is allocated to each authority, based on its local circumstances, for these key cost drivers.

**Question 1:       What are your views on the Government's proposals to simplify the relative needs assessment by focusing on the most important cost drivers and reducing the number of formulas involved?**

## 3. Common cost drivers

### 3.1 Summary

3.1.1 This chapter outlines the key cost drivers that the Government is proposing to use as the starting point for a simple foundation formula. In particular it:

- considers whether there are common cost drivers that the Government should consider for a foundation formula,
- describes three potential common cost drivers that the Government believes affect the costs of delivering a wide range of services, and
- considers whether adjustments need to be made for the different costs facing authorities across different parts of the country.

### 3.2 Universal and targeted services

3.2.1 An important consideration is that many of the services provided by local authorities are not universal and therefore cannot be accessed by all residents. Particular services instead involve some level of means testing or eligibility assessment in order to determine which individuals are entitled to access them and which are not. The relationship between eligibility and certain population characteristics has a much greater influence on the 'need to spend' on particular services than others. The Government will therefore need to consider cost drivers which affect eligibility, as well as those which affect demand for services, and the relationships between the two groups of drivers.

### 3.3 Using 'common cost drivers' to determine allocations

3.3.1 Since the Call for Evidence on needs and redistribution was published last year, DCLG has worked closely with local authorities, the technical working group and other government departments to consider the main factors that affect the costs faced by local authorities in a number of different service areas.

3.3.2 This work has led to the identification of a number of common cost drivers which there is good reason to believe have a significant effect on the cost of providing multiple services. We expect these common cost drivers to be responsible for most of the variation in local authorities' 'need to spend'. The Government is therefore proposing to use these as the starting point for developing the option of a

foundation formula. The common cost drivers that have been identified so far are as follows:

**i) Population**

- 3.3.3 The number of people each local authority has to provide services for has been universally identified as the single most important predictor of the costs that local authorities face. However, the cost of different services can be driven by different sections of the population. For example the number of eligible older people directly affects the costs of adult social care but not the cost of providing children's services. Therefore the Government believes it is highly likely that the cost of providing services is not just dependent on the overall number of people in an area but on age profiles as well, and that it is therefore necessary to reflect this in a formula.
- 3.3.4 As well as the cost variance associated with different age groups, the demographics of a particular area will change over time. The rate and nature of population change is likely to vary from one part of the country to another. The majority of responses received to the Call for Evidence argued that the Government must not simply reflect the relative cost of providing services at the outset of the system, but should attempt to reflect 'future need' as well. Reflecting the changes in an area's population over time in the relative needs assessment is therefore a key challenge.
- 3.3.5 The Office for National Statistics (ONS) produces a number of products, including population projections indicating the future size and age structure of national and local populations. The projections are based on a set of assumptions around future fertility, mortality and migration. Using these projections would allow the formula to reflect expected future population changes while giving authorities certainty over their income for the duration of a funding period. Taking account of expected population changes should reduce the risk of a relative needs assessment becoming quickly out of date.
- 3.3.6 However population projections cannot reflect unpredictable changes. Reflecting actual population changes more accurately in a relative need formula would require more frequent updates, which may reduce medium term financial certainty for local authorities. This may undermine the confidence of local authorities to build achieved growth into their base budgets, or to use that growth for long-term investment.

**Question 2:        Do you agree that the Government should use official population projections in order to reflect changing population size and structure in areas when assessing the relative needs of local authorities?**

**Question 3:        Do you agree that these population projections should not be updated until the relative needs assessment is refreshed?**

## ii) Rurality

- 3.3.7 In 2014 LG Futures, a specialist consultancy firm, was commissioned by DCLG and DEFRA to establish whether and to what extent rural authorities face additional costs in delivering services compared to urban authorities. The research recognised that there are specific challenges in rural areas, which include scattered and remote populations, a lack of private sector service providers, and poor broadband or mobile phone coverage.
- 3.3.8 The research<sup>4</sup> conducted by LG Futures also found evidence based on a survey of local authorities that services which require more travel time generally incur higher unit costs, and that this is more common in rural rather than urban areas. This is due to a combination of travel expenses and a longer 'down time' (e.g. a care worker providing domiciliary care may perform fewer visits per hour in a rural area because it takes longer to get from one residence to the next).
- 3.3.9 The research was subject to several assumptions and limitations in the availability of cost and activity data at geographical level within authorities, which made it difficult to explicitly identify direct additional costs. However it reported evidence for higher costs in rural areas for 11 services (comprising around 15% of local authority spending) and lower costs in 15 services (comprising around 31% of local authority spending). Furthermore, some rural authorities asserted that unmet need for certain local services, such as local public transport, was not represented in the available data and that less tangible costs, such as barriers to reducing service costs through channel shifts to digital, were not possible to quantify, which means there may be additional costs not accounted for in empirical analyses.
- 3.3.10 At the last update of relative needs in 2013/14, adjustments were made to the funding formulas to reflect the additional cost of providing certain services in rural areas. This was achieved by increasing the weighting for population sparsity indicators in the formulas, as well as weighting the formulas for places which were described as 'super sparse' (i.e. that had fewer than 0.5 people per hectare).
- 3.3.11 Taking into account the limitations of the LG Futures research discussed above, it is possible that altering the weightings in 2013/14 may have only partially reflected the challenges faced in delivering some services in rural areas. The Government is therefore proposing to explore whether alternative data sources are available that measure or proxy the relative cost of providing services in rural areas, which could be drawn on in a needs assessment.

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<sup>4</sup> <https://www.gov.uk/government/publications/costs-of-service-delivery-in-rural-areas>



**Question 4: Do you agree that rurality should be included in the relative needs assessment as a common cost driver?**

**Question 5: How do you think we should measure the impact of rurality on local authorities' 'need to spend'? Should the relative needs assessment continue to use a measure of sparsity or are there alternative approaches that should be considered?**

### **iii) Deprivation**

3.3.12 Like population and sparsity, many of the existing relative need formulas include an adjustment for deprivation. The adjustments were intended to reflect the fact that deprived individuals, and particularly income deprived individuals, are more likely to access certain services than more prosperous individuals, leading to higher costs.

3.3.13 The Government takes the view that levels of deprivation remains an important cost driver for a wide range of services that must be captured by any new relative needs formula. However as with the other important issues considered in this consultation, changing patterns of deprivation across the country mean it is important that we reconsider this relationship and the impact that deprivation has on authorities' 'need to spend'.

3.3.14 The deprivation adjustments made in the current relative needs assessment are based on a relatively narrow measure of income deprivation. Specifically, they reflect the number of people in an area receiving income and employment related benefits, such as job seekers allowance, income support, tax credits and various incapacity benefits. Since these formulas were last updated, the expansion of Universal Credit has meant that many of the individuals that previously received these benefits are now in receipt of Universal Credit. The rollout of Universal Credit is on-going, which means that the number of people currently in receipt of Universal Credit or still receiving the legacy benefits mentioned above will vary across the country. As a result, during this transitional period the number of claimants in receipt of different benefits will not be directly comparable across the country.

3.3.15 This Government is therefore considering whether a relatively narrow measure of deprivation based on an individuals' income is still the most appropriate approach to measuring the impact of deprivation on the cost of providing services. Alternative measures could be considered instead, such as the Index of Multiple Deprivation (IMD), which captures factors beyond income and employment<sup>5</sup>, and may provide a robust and consistent approach. Alternatively, more tailored approaches that focus on the specific factors that lead to higher demand for each particular service could

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<sup>5</sup> The Index of Multiple Deprivation has seven domains of deprivation: Income, Employment, Crime, Education, Health, Living Environment and Barriers to Services.

be used (for example, Income Deprivation Affecting Children, a supplementary indicator within the IMD, may be a more appropriate way of measuring the impact that deprivation has on the 'need to spend' for children's services than a more general measure of deprivation).

**Question 6: Do you agree that deprivation should be included in the relative needs assessment as a common cost driver?**

**Question 7: How do you think we should measure the impact of deprivation on 'need to spend'? Should the relative needs assessment use the Index of Multiple Deprivation or are there alternative measures that should be considered?**

3.3.16 The Government believes that the three common cost drivers outlined above are the most important characteristics of a community that affect the costs a local authority will face in delivering services. However, as described in Chapter 2, we acknowledge that some service areas have unique cost drivers that nonetheless drive a significant proportion of the overall costs that a local authority may face. The Government intends to use the three common cost drivers outlined above as the starting point for a foundation formula but will consider whether there are other, service specific cost drivers that should also be included.

**Question 8: Do you have views on other common cost drivers the Government should consider? What are the most suitable data sources to measure these cost drivers?**

## 3.4 Area Cost Adjustments

3.4.1 The three common cost drivers outlined above represent the characteristics of the population that affect the *demand for services*. The characteristics of an area may also affect the *cost of delivering* services, so that local authorities with exactly the same population characteristics may be faced with different costs when purchasing the inputs they need to deliver local services.

3.4.2 For example the costs of employing staff or renting non-domestic properties can vary considerably between different places. Some local authorities will face unique cost pressures related to their geography; such as the costs associated with providing services on an island, or to a widely dispersed population in rural areas. The Government will therefore consider how the Area Cost Adjustment could be updated and improved to better reflect these sources of differences in costs.

3.4.3 The current Area Cost Adjustment attempts to estimate the market price of labour, and some land costs, in an authority area. The current approach takes into account four main factors for each distinct block of services:

- **the local cost of labour** measured by average hourly earnings excluding overtime, controlling for differences in the age, gender, occupation and industry of workers between local areas,
- **the share of total costs for the block of services which is spent on employees**, including pensions, using data supplied by local authorities for the majority of services. For services which are likely to be contracted, this is based on industry statistics,
- **the local level of business rates** measured by the rateable value of schools for the Education block (the current Area Cost Adjustment was developed in 2003, before the Dedicated Schools Grant was introduced) and the rateable value per square metre of office space for other service blocks. These are adjusted for the effect of transitional relief, estimated from data supplied by local authorities, and
- **the estimated share of total costs for the block of services which is spent on business rates.**

3.4.4 The Government's view is that it is important to reflect differences in the costs of these inputs in any future funding formula, and we will explore whether there are other differences in input costs which should and can be reflected. For example, it might be possible to incorporate measures of rurality within the Area Cost Adjustment. It is essential that the factors and data used are reviewed in order to ensure that a new funding formula best captures the varying costs of delivering services today and in the future.

3.4.5 We will also need to consider how area-based adjustments might operate within a foundation formula, as currently each relative needs formula has its own Area Cost Adjustment to reflect the particular impact that different employee and running expenses have on the costs of providing the different types of services.

**Question 9: Do you have views on the approach the Government should take to Area Cost Adjustments?**

## 3.5 Treatment of small but locally significant duties

3.5.1 As described in paragraph 2.5.1, the current needs assessment reflects a number of local authority duties, many of which will share common cost drivers. However some duties, which only account for a small proportion of the overall expenditure of local government, can have a significant impact on individual authorities. An

example of this would include the funding for flood defences distributed through the local government finance settlement to lower-tier authorities.<sup>6</sup>

**Question 10a): Do you have views on the approach that the Government should take when considering areas which represent a small amount of expenditure overall for local government, but which are significant for a small number of authorities?**

**Question 10b): Which services do you think are most significant here?**

## 3.6 Deciding the relative importance of cost drivers

3.6.1 The Government's intention is to limit the number of cost drivers included in a simple foundation formula to those that have a significant impact on the cost of providing services. However we expect that the formula will need to include more than one cost driver, which will therefore make it necessary to determine the appropriate weights to be given to each. It cannot be assumed that each driver of need has exactly the same level of importance.

3.6.2 Chapter 5 outlines different statistical techniques available to weight the cost drivers used in a funding formula in an objective way.

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<sup>6</sup> Flood funding is also available from the Environment Agency and non-government sources such as drainage charges and levies.

## 4. Service specific cost drivers

### 4.1. Summary

4.1.1. The previous chapter set out our commitment to developing a simple relative needs assessment formula based on common cost drivers which will be used to distribute at least a proportion of the available funding. This chapter explores the main service areas where a more specific approach may be required. It describes:

- why formulas for specific cost drivers may be required in some circumstances, and
- the main service areas that have unique drivers of need and which may require a more specific approach.

### 4.2. Why might a specific approach be required?

4.2.1. The current assessment of relative needs includes 15 different relative needs formulas and several tailored distributions for services that were previously incorporated or 'rolled into' the local government finance settlement. The Government agrees with the majority of the respondents to the Call for Evidence that this level of complexity leads to an opaque funding distribution. However there is good reason to believe that there may be some areas of local authority service provision where a more specific approach is justified.

4.2.2. The Call for Evidence asked respondents for their views on this subject. 67% of respondents indicated that they believe adult social care justified a more specific approach, and 56% identified children's services. A significant number of representatives also identified highways maintenance, waste and recycling, and legacy capital financing as requiring bespoke formulas.

4.2.3. Adult social care and children's services accounted for 45% of service expenditure<sup>7</sup> by local authorities in 2016/17 and the need for local authorities to spend money in these areas, particularly children's services where there is the potential for individual cases to carry significant costs, can depend on relatively small changes in specific key cost drivers. There are also some service areas, such as highways maintenance, where costs are driven by different factors to the majority of other services such as the number and length of roads, or traffic volume.

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<sup>7</sup> 2016/17 Net Service Expenditure minus Dedicated Schools Grant and spending on Police.

## 4.3. Service areas with distinct cost drivers

- 4.3.1. The service areas set out below either account for a significant proportion of local government expenditure, or have a unique set of factors which drive costs for many authorities. The Government is therefore proposing to explore how best to incorporate more specific formulas for these areas and the impact this would have on the overall assessment of relative needs.
- 4.3.2. One reason to consider social care, highways maintenance and transport, and fire and rescue services as individual service block areas rather than as part of a foundation formula are that none of these are universal population based services. Both adult social care and children's services are targeted services rather than universal, and are therefore difficult to allocate on an adjusted per capita basis. Highways, transport and fire and rescue services are also not strictly population based services, being based on road length, bus boardings and risk respectively. These functions are also performed at one tier of local government, and in the case of fire and rescue services performed by stand-alone fire authorities in some instances.
- 4.3.3. We have worked closely with local authorities, the technical working group and other government departments to consider the main factors that affect the costs faced by local authorities in providing the services mentioned in this chapter. This work has led to the identification of a number of service-specific cost drivers which there is good reason to believe have a significant effect on the cost of providing these services. We are now seeking wider engagement to understand whether these are the most appropriate cost drivers to include as variables in the event that a more specific approach is taken for the service areas concerned.
- 4.3.4. Several service specific formulas could conceivably sit alongside a foundation formula based on the common cost drivers as outlined in Chapter 3, which would continue to distribute funding for any services that do not require such a specific approach.
- 4.3.5. A number of the common cost drivers discussed in Chapter 3, including rurality, deprivation and area cost adjustments have a bearing on the specific service areas discussed in this chapter. If a specific approach is adopted for some service areas, the Government will consider how the two sets of cost drivers should interact.

### **Adult social care**

- 4.3.6. Within the current relative needs assessment there are two formulas which make up the Adults Personal Social Services (PSS) service block, which is more commonly

referred to as adult social care. The two existing formulas reflect the difference in the cost of providing social care to two distinct age groups: older people over the age of 65 and younger adults aged between 18 and 64. Given that adult social care is means tested, carer-sighted and subject to a national eligibility framework, the following factors have so far been identified as the key cost drivers for adult social care:

- i) **Number of adults by age groups** – Local authorities are responsible for providing social care for all adults and as a result, the number of people in an area who are eligible for care will have a bearing on the number of people who are likely to require care. However the responsibilities and cost of care vary for different age groups. We will need to consider how this relationship should be reflected in the relative needs assessment,
- ii) **Number of adults with income and wealth that meet the means test** – Local authorities are only responsible for providing care to those adults who lack the resources to fund their own care. The number of adults that fall below those thresholds will therefore be a key cost driver. Some elements of this eligibility threshold are based on household rather than individual characteristics,
- iii) **Number of people with higher levels of impairment** – Adults with more complex conditions or who require more intensive care are more likely to be eligible for support, which may also cost more,
- iv) **Number of people who live alone** – Individuals who live alone are less likely to have a support network of family or friends who can provide care. This makes it more likely that the local authority will need to provide care, and
- v) **Sparsity** – In order to provide domiciliary care, social workers in sparse areas have to travel longer distances, which reduces the number of visits that can be completed in a day.

**Question 11a): Do you agree that the cost drivers set out above are the key cost drivers affecting adult social care services?**

**Question 11b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting adult social care services?**

## **Children's services**

4.3.7. Children's services are also part of the current relative needs assessment. This service block uses three distinct relative need formulas that reflect the different types of services local authorities provide for children: children's social care, youth

and community services, and local authority central education functions (this does not include the duties covered by grants provided by the Department for Education, such as the Dedicated Schools Grant).

4.3.8. The three existing formulas currently share a number of variables, which suggests that the same cost drivers influence the 'need to spend' in each of these areas. For example, both the children's social care and youth and community formulas use the same deprivation indicator. It may be possible to simplify the current approach by combining them into a single children's services formula. The following factors have so far been identified as the key cost drivers for providing services to children:

- i) **Number of children (under 18 years of age)** – The cost of providing services to children is heavily dependent on the number of children in an area,
- ii) **Number of children for whom parents receive Disability Living Allowance** – Childhood disability has a bearing on the likelihood of a child needing children's services. Children with disabilities, and in particular those with more complex and multiple conditions, are likely to require more expensive support which is associated with greater costs in terms of social worker resource and service provision.<sup>8</sup>
- iii) **Deprivation** – A higher proportion of families facing multiple challenges associated with deprivation will influence the overall level of demand for, and cost and complexity of providing services to children, and
- iv) **Distance to schools** – Local authorities are responsible for providing school transport to children who attend their nearest suitable school where this is more than a prescribed distance from their home. Areas with a large number of children who live in scattered locations a long distance from a school will therefore face a higher 'need to spend' in this area.

**Question 12a): Do you agree that these are the key cost drivers affecting children's services?**

**Question 12b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting children's services?**

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<sup>8</sup> Ward et al 2004, [The costs and Consequences of different types of child care](#) report to the Department of Health; Ward H, Holmes L, Soper J. 2008, Costs and consequences of placing children in care. London: Jessica Kingsley Publishers; Beecham J. [Unit costs - not exactly child's play](#). A guide to estimating unit costs for children's social care. University of Kent: Joint publication from the Department of Health, Dartington Social Research Unit and the Personal Social Services Research Unit; 2000.



## Highways maintenance and public transport

4.3.9. Local authorities are responsible for maintaining the roads in their areas and providing concessionary travel to certain client groups, and the revenue costs involved in providing these services are reflected in the current local authority relative needs assessment. The following factors have so far been identified as the key cost drivers for these services:

- i) **Road length** – The day-to-day cost of maintaining roads is strongly correlated with the length of roads being maintained. It may also be necessary to consider the classification of roads as well as the costs of maintaining a road in a built up area, which are likely to be higher than in a less developed area,
- ii) **Traffic flow** – Traffic volume, particularly that of heavy goods vehicles, has a significant impact on the length of time that will pass before the state of a road deteriorates. More frequent repairs will lead to higher costs overall,
- iii) **Forecast snow days / predicted grit days** – A local authority will need to spend more on snow ploughs or gritting in areas where a larger number of snow or ice days is predicted, and
- iv) **Concessionary bus boardings** – Bus boardings has been shown to be the main cost driver of expenditure for concessionary travel due to the explicit link to the reimbursement of operators for journeys made.

**Question 13a): Do you agree that these are the key cost drivers affecting routine highways maintenance and concessionary travel services?**

**Question 13b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting routine highways maintenance or concessionary travel services?**

4.3.10. The current local government finance system also funds local bus support outside London.<sup>9</sup> Historically this element of need was part of the county level Environmental, Protective and Cultural Services formula, which unlike the other formulas currently in use is designed to meet the relative need of local authorities

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<sup>9</sup> Local bus support in London was historically part of the funding provided directly to Transport for London.

to fund a wide range of services.<sup>10</sup> Although no specific cost drivers are included in respect of bus support, we will need to consider how need for this service is measured.

**Question 14a): Do you have views on what the most suitable cost drivers for local bus support are?**

**Question 14b): Do you have views on what the most suitable data sets are to measure the cost drivers for local bus support?**

## **Waste collection and disposal**

4.3.11. In two-tier areas the responsibility for household waste collection lies with shire districts and disposal with shire counties. Historically these elements of need were part of the Environmental, Protective and Cultural Services formulas, although no specific variables are included. The Government proposes to reconsider how need for these services is measured and the following factors have so far been identified as the key cost drivers for these services:

- i) **Number of households** - The majority of the waste that local authorities collect is from households. Therefore the more households that there are in an area presenting their waste on collection day, the higher the costs involved,
- ii) **Types of property** – The efficiency of waste collection is affected by access. Complications in accessing properties increases the time taken to collect waste and by extension staff and equipment costs,
- iii) **Travel times** – Local authorities have to collect waste from all households in their areas. The greater the distance between those houses, the longer the collection will take and the fewer the houses can be serviced in a given time, and
- iv) **Deprivation** – Individuals from more deprived areas tend to make less use of recycling services, which increases the amount of standard waste that needs to be disposed of. Deprived areas also tend to suffer from a lower quality local environment which can result in increased costs (e.g. addressing littering, dog fouling, etc.). Overall, deprivation increases the cost of managing waste in these areas.

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<sup>10</sup> Allotments, Building regulations, Cemeteries and crematoria, Civil defence, Consumer protection, Coroners' courts, Council tax collection, Economic development, Environmental and port health, Libraries, Magistrates' courts, Miscellaneous services, Museums and galleries, Parking, Performing arts, Planning control, Planning implementation, Private housing, Public transport support for buses, Recreation, Refuse collection, Refuse disposal, Registration of electors, Registration of births, deaths and marriages, School crossing patrols, Sheltered employment.

**Question 15a): Do you agree that these are the key cost drivers affecting waste collection and disposal services?**

**Question 15b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting waste collection and disposal services?**

### **Fire and rescue services**

4.3.12. The cost of providing a fire and rescue service is driven by risk, rather than purely by demand. As a result many of the cost drivers are therefore unique to this service area.

4.3.13. The current fire and rescue services formula consists of a basic allocation of funding per resident, with adjustments for coastline, population density and sparsity, deprivation, fire risk areas, community fire safety and other area costs. These elements include indicators of both the risk of requiring a fire service response, such as the risk of dwelling fires occurring, as well as indicators of the cost of providing fire service cover, for example as a result of population sparsity.

4.3.14. The indicators used in the current fire and rescue services relative needs formula are as follows:

(i) **Projected population** – A basic amount of funding per resident,

(ii) **Adjustments:**

- **Coastline** – The length of coastline. This is a measure of remoteness and reflects the extent to which an authority can receive mutual aid support from surrounding fire authorities
- **Population Density** – This is an indicator of risk reflecting the higher rate of incidents in more densely populated areas
- **Population Sparsity** – The cost of supplying fire and rescue services in sparsely-populated areas differs from that of more densely populated areas due to the increase in distances travelled to an incident
- **Risk index** – A measure of deprivation, this takes into account the following factors which correlate with an increased risk of fire incidence in an area:
  - The proportion of working age adults with no qualifications,
  - The proportion of working age population not in employment,

- The proportion of working age adults in receipt of income support, and
  - The authority's standardised mortality ratio
- **Control of Major Accident Hazards (COMAH) sites** – COMAH sites contain dangerous substances of a particular quantity, such as oil or chemical refineries. These sites create a high-risk environment and therefore require appropriate resources and plans to be in place to deal with potential incidents
  - **Property and Societal Risk** - Property loss and societal risk frequency relate to the likelihood of a large number of people who would require assistance by the fire and rescue service to escape from a fire
  - **Community Fire Safety** – This indicator reflects those groups in greater need of fire safety education:
    - Pupils in maintained and independent schools aged five to ten, to encourage the education of all children in fire safety, which is recognised as a key long term prevention activity,
    - Residents living in areas with a greater need for fire safety education, based on ACORN classifications, and
    - Resident population aged 65 and over.

(iii) **Area Cost Adjustment for Fire and Rescue** - A factor calculated to reflect differences in the cost of providing fire and rescue services across the country.

4.3.15. Funding for national resilience capabilities, including urban search and rescue and high volume pumps, is distributed outside of the local government finance settlement.

**Question 16a): Do you agree these remain the key drivers affecting the cost of delivering fire and rescue services?**

**Question 16b): Do you have views on which other data sets might be more suitable to measure the cost drivers for fire and rescue services?**

### **Legacy capital financing**

4.3.16. The capital finance system was based on the principle that authorities could borrow or use credit only up to the limits specified by the Government through the

issue of credit approvals.<sup>11</sup> Where borrowing was not accounted for within a council's Housing Revenue Account, funding for this borrowing was instead provided through the local government finance settlement and allowed for both the payment of interest on the loan together with repayment of the principal.

- 4.3.17. In April 2004 the Prudential Capital Finance System was introduced. The prudential system no longer required Government approval and enabled councils to determine whether borrowing was used as capital or revenue funding. The funding support under this system came from either capital grants (Supported Capital Expenditure (Capital)) or via the Local Government Finance Settlement as revenue payments (Supported Capital Expenditure (Revenue)).
- 4.3.18. Revenue payments continued to be provided until 2011, at which point Government support for capital projects was made exclusively in the form of capital grants.
- 4.3.19. The purpose of the Capital Financing relative needs formula is to ensure that local authorities with borrowing commitments that were agreed to be funded through the local government finance settlement have that cost recognised in their relative needs assessment. This remains a pressure on some authorities and therefore has very specific cost drivers:
- i) **Outstanding debt** – The remaining proportion of debts still outstanding based on the initial value of the relevant debts and assumed capital repayments, and
  - ii) **Interest Rates** – An assumed rate of interest that may be chargeable on the outstanding debt until the principal is fully repaid.

**Question 17a): Do you agree these are the key cost drivers affecting the cost of legacy capital financing?**

**Question 17b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting legacy capital financing?**

### **Other service areas**

- 4.3.20. The Government believes that the service areas outlined above are the areas where the case for a more specific funding formula is strongest. However there may be other areas which need to be considered.

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<sup>11</sup> Basic Credit Approvals (BCAs) and Supplementary Credit Approvals (SCAs).

4.3.21. Alongside this consultation document, historic documentation is available online<sup>12</sup> which sets out the relative need formulas and data that were used in the 2013/14 relative needs assessment. This information may help you to consider whether there are other areas not highlighted in this consultation document which may need specific treatment in a new funding formula.

**Question 18a): Are there other service areas you think require a more specific funding formula?**

**Question 18b): Do you have views on what the key cost drivers are for these areas, and what the most suitable data sets are to measure these cost drivers?**

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<sup>12</sup> Local Government Finance Report 2013/14 -  
<http://webarchive.nationalarchives.gov.uk/20131203161335/http://www.official-documents.gov.uk/document/hc1213/hc09/0948/0948.pdf>

Calculation of 2013/14 Formula Funding -  
<http://webarchive.nationalarchives.gov.uk/20131203161401/http://www.local.communities.gov.uk/finance/1314/CalcFFs.pdf>

## 5. Weighting funding formulas and cost drivers

### 5.1. Summary

5.1.1. The previous chapters have considered which cost drivers should be included in the assessment of local authorities' relative needs. This chapter describes how those cost drivers could be combined and weighted within a relative needs formula. It also considers the role statistical techniques can play in determining those weights. In particular, this chapter:

- discusses the potential approaches to weighting specific service areas that may be included in the formula,
- outlines the important role that statistical techniques play in weighting the common cost drivers and potential specific cost drivers for service areas, and
- describes the main analytical techniques available for quantifying the weightings of cost drivers.

### 5.2. Weighting of funding between services

5.2.1. If more than one relative needs formula is developed, it will be necessary to decide the proportion of the overall funding that is to be allocated by each formula. In the past, control totals for the different elements in the relative needs assessment formula have been set by Government as part of the Spending Review process. This approach was one of the specific issues that several respondents to the Call for Evidence believed should be changed in order to reduce the level of judgement involved in funding allocations.

5.2.2. An alternative to the use of judgement in determining the weighting of different formulas would be to base these on the proportion of spending local government as a whole currently commits to different services. This could be supplemented with some trend analysis or time series modelling to set control totals that reflect the pressures that we expect local government will face in the coming years. It would also be possible to use a blend of these two approaches. As this is a relative needs assessment, these control totals would have to be constrained to the level of funding available through the local government finance settlement.

**Question 19: How do you think the Government should decide on the weights of different funding formulas?**

## 5.3. The role of statistics in weighting cost drivers

- 5.3.1. Chapter 2 described how the relative needs of local authorities, even for quite specific services, can depend on a number of different cost drivers or indicators. For example, the cost of maintaining roads may depend on the length of road being maintained, the type of road, the amount and type of traffic that use the roads and forecast weather conditions.
- 5.3.2. Statistical techniques offer an evidence-based approach for determining which cost drivers have a significant impact on a local authority's 'need to spend' and which, therefore, should be included in a funding formula. These techniques also enable the relative importance of a cost driver in determining the 'need to spend' to be quantified. Without these techniques, judgement would necessarily play a far larger role in determining funding allocations, which was a specific concern raised by several respondents to the Call for Evidence.
- 5.3.3. Many different statistical techniques have been used across Government to help construct funding formulas, the most commonly used of which is regression modelling. Other approaches such as principal component analysis, factor analysis and cost functions can in theory also be used to identify and define the relationship between a set of variables or cost drivers, and a measure of need. However, as outlined later in this chapter, some of these techniques are more complex than others, and some are dependent upon the availability of appropriate data.

## 5.4. Using regression models to determine the weightings of cost drivers

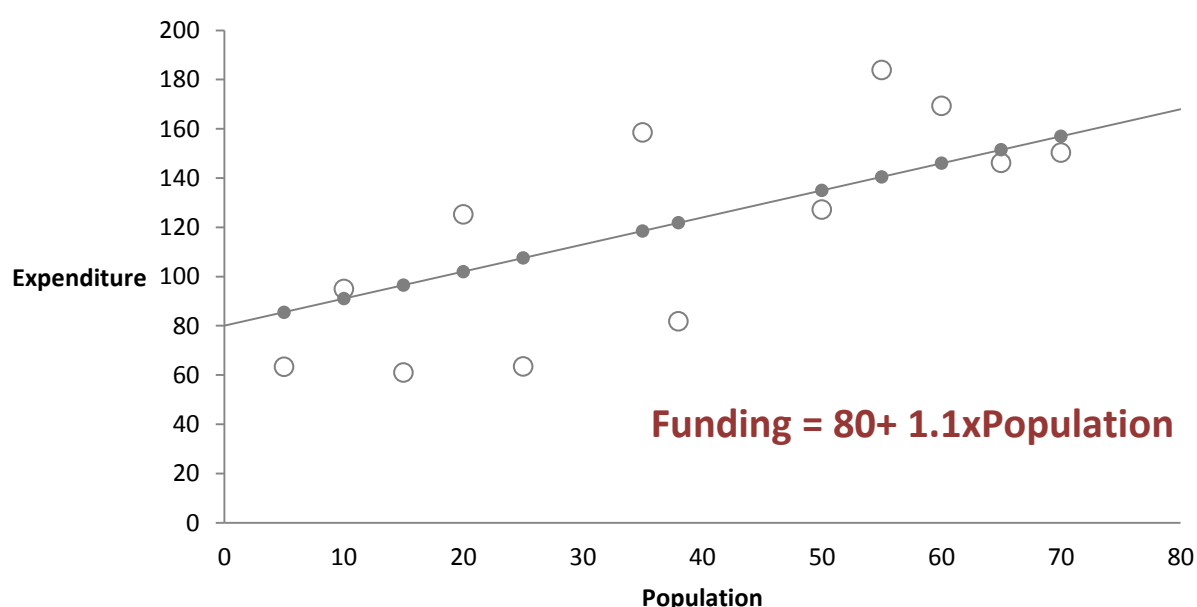
- 5.4.1. Regression models work by measuring how a dependent variable (the concept that you are interested in predicting) changes in relation to a series of independent variables. A relative needs assessment for local government attempts to predict the 'need to spend', which represents the dependent variable in this case. The independent variables that affect the 'need to spend' are the cost drivers. There is not one measure of a local authority's 'need to spend' and the most commonly used proxy has been 'spending per head'.
- 5.4.2. A regression model will quantify the average relationship between each cost driver and the 'need to spend' across all local authorities. This is expressed as a coefficient for each cost driver. This coefficient can be interpreted as the change in 'need to spend' for every additional unit of each cost driver. For example, on average and taking into account the effects of other cost drivers, how much extra



needs to be spent on each additional person or on each additional mile of road, and so on.

- 5.4.3. Chart 5.1 below presents a simple example using a single cost driver - population. The clear circles in the chart represent the level of expenditure for different councils with different population sizes. The straight line shows the relationship between expenditure and population size. The point where the straight line touches the y axis (expenditure) is the basic amount all authorities would receive - in this example 80. The gradient of the straight line then tells you the additional amount you get for each additional person in a population; in this example that amount is 1.1.
- 5.4.4. What this means is that each council would be funded in the same way regardless of their expenditure the previous year, and their allocation is directly determined by their local characteristics for the relevant cost driver. So in the example below, if your population was 50 your funding would be  $80 + 1.1 \times 50 = 135$ . The dark circles on the straight line show the level of funding each council would receive the following year.

**Chart 5.1 A simple regression model**



- 5.4.5. The simple example shown in chart 5.1 only explains a small part of the variation in spending as lots of the data points are a long way from the straight line. Adding more variables would explain more of the variation, but would also complicate the model. It is possible to use statistics to define a threshold for including additional cost drivers. This threshold means that variables which do not change the position of the straight line by more than this threshold amount will not be included in the model.

- 5.4.6. It is important to note that the statistical technique that is selected does not in itself result in a good model. A good regression model does not imply a causal relationship between the independent and dependent variables. This is a problem shared by all statistical techniques under consideration, and is why the Government recognises that consultation with the sector to identify relevant cost drivers in earlier chapters of this document, is as important, if not more so, than the selection of an analytical technique.

## 5.5. Limitations with expenditure based regression models

- 5.5.1. Regression models work best when they are measuring the relationship with a well-defined dependent variable. Ideally the dependent variable for a local government relative needs assessment would be the need of local authorities. However there is no data set that measures this concept. Historically expenditure has been used as a proxy for need; however there are limitations with this approach. If historic expenditure is not a good proxy for the relative needs of local authorities to spend money in the future, then the outcomes of the model will also not be good predictors of future need.
- 5.5.2. Four distinct issues are sometimes cited that could mean historic patterns of spending do not accurately reflect the actual relative needs of different communities. These issues are:
- i) *Level of service provision* – Local authorities have considerable discretion over the way in which they provide services. It is possible that differences between authorities' level of expenditure may reflect local authorities providing different levels of support for different services,
  - ii) *Efficiency* – Local authorities facing the same levels of demand and providing the same quality of services can spend different amounts on those services. This difference is due to how efficiently councils are providing those services,
  - iii) *Historic funding levels* – Local authorities have a duty to set a balanced budget and therefore their spending in a given year is limited to the amount of funding that they are able to raise in that year. It is sometimes argued that simple regression models based on expenditure continue to allocate funding to those areas that have received greater funding in the past,
  - iv) *Unmet need* - If there are pockets of unmet need that affect particular local authorities or types of local authorities differently, then current levels of expenditure may not reflect the underlying demand for particular services. In NHS allocations this is reflected by a health inequalities adjustment in which 10% of the total allocation is driven by standardised mortality ratios. A common example that is cited with local government services is local bus services,

where the fact a local bus service is not currently operated does not necessarily mean that there is no 'need' for such a service.

- 5.5.3. Regression models look at the average relationship between expenditure and different cost drivers in order to determine the weighting of the variables. The results of a regression model will see those local authorities that are highly efficient receive a higher level of funding than their level of expenditure would indicate that they need. In chart 5.1, efficient local authorities would be considered to be those that are depicted as being below the straight line. These efficient authorities would continue to receive the level of funding equivalent to the level of the straight line (the average) for their population size.
- 5.5.4. This feature of using regression also addresses the issues relating to the level of service provision. The regression model will fund local authorities according to the average level of spending for a set combination of cost drivers. However local authorities will still be able to determine how much they choose to spend on a particular service.
- 5.5.5. The link between historic expenditure and the level of funding that authorities received in the past is closely connected with the issue of unmet need and these represent a limitation to simple regression modelling.

## 5.6. Controlling for historic levels of funding

- 5.6.1. To address problems relating to the influence that historic levels of funding have on levels of spending, more advanced analytical techniques may be helpful. Some examples of these techniques are outlined below and they broadly work by looking at the relationships between spending and cost drivers *within* an individual local authority, which means that any relationships will be unaffected by the level of funding that council received at the time. These techniques all rely on having access to data below the local authority level.
- 5.6.2. **Small area modelling** - This technique works by collecting expenditure data from local authorities about the amount of spending in smaller areas within their boundaries, such as wards or small statistical areas known as Lower Super Output Areas, which have around 1,500 addresses in them. This increases the sample size and exploits variation in spending, and how that is associated with indicators of need, within each local authority as well as between local authorities. It also enables the use of statistical controls (fixed effects) for each local authority, which capture and remove between-local authority variation in spending due to non-need factors (e.g. local commissioning practices, local area characteristics etc.).

- 5.6.3. **Multi level modelling** - This technique works by combining information about smaller areas that fall within a local authority area, with authority level statistics to create a so-called hierarchical data set. By incorporating detailed information about the level of expenditure within smaller areas within an authority you can identify the relationship between different cost drivers independent of the level of funding for the authority as a whole.
- 5.6.4. Both of the techniques mentioned above require a large amount of detailed information to be collected about the level and distribution of spending within local authorities. There are only a limited number of service areas where this detailed information is available and it would take a long time to collect it.
- 5.6.5. A possible alternative approach which does not depend on having detailed data would be to include in the cost drivers a measure of historic funding received by the local authority. This would effectively produce regression models that showed the relationship between spending and cost drivers where all local authorities received the same level of funding per head. This approach may also help address the issues associated with unmet need. As long as the cost drivers selected in the model accurately reflected the key factors that affect 'need to spend', controlling for historic spending should mean that local authorities are allocated funding according to their relative needs. However because this technique does not rely on large amounts of data it may be less analytically robust than more traditional methodologies.
- 5.6.6. The Government is proposing to explore the potential for using the techniques described above or others which emerge from this consultation, from academic engagement or during the development process, in order to address limitations within the simple regression models currently used.

## 5.7. Alternatives to expenditure based regression models

- 5.7.1. Some of the alternatives to using regression models linked to expenditure are described below.

### **Outcome based regression models**

- 5.7.2. Rather than looking at the relationship between cost drivers and past expenditure, the regression models could instead look at the relationship between cost drivers and an alternative proxy for local authority relative need. Outcome variables, such as the quality of roads or the proportion of waste that is recycled, could be considered as potential alternatives to past expenditure and would see local authorities funded according to their success in delivering these outcomes.

- 5.7.3. There are some limitations to this approach. The diverse nature of the services delivered by local authorities may mean it is not possible to identify a single outcome variable to describe a range of local authority activity. This would mean that this approach would not be suitable for implementing the foundation formula described in chapter 3 or the more specific funding areas described in chapter 4, which have multiple outcomes that could be considered. Choosing how to prioritise one outcome over the others would likely come down to judgement. This approach may also have some perverse implications as it would imply that local authorities achieving poorer outcomes should receive more funding in order to enable them to improve their performance.

### **Factor Analysis and Principal Component Analysis**

- 5.7.4. These analytical techniques are designed to simplify complex data sets down to just the most important factors that explain the relationships within the overall dataset. For example, if we start with a long list of local authority cost drivers, these techniques will remove all the cost drivers that are related to one another, leaving only the most important variables. These techniques could be used to identify a smaller number of key cost drivers without requiring the use of a dependent variable, such as expenditure or outcome that is required by a regression model.
- 5.7.5. These techniques are particularly complex and require large assumptions about the nature of the relationship between the cost drivers that are being modelled. It would therefore be necessary to assume that the underlying factor that connected the cost drivers was the 'need to spend' of local authorities. These complex techniques are also highly sensitive to outliers in the datasets.

### **Unit Cost Functions**

- 5.7.6. This is an approach to building funding formulas that is based on quantifying the precise costs involved in providing services to individuals. These unit costs are then multiplied up by the size of the client group for those services in each local authority. The 'bottom up' nature of this approach means it requires a vast amount of data about the activity of local authorities and standardised measures of service delivery. This detailed information is not available on a consistent basis for the majority of local authority services.

**Question 20: Do you have views about which statistical techniques the Government should consider when deciding how to weight individual cost drivers?**

## 6. Equalities impacts of the options presented in this consultation paper

6.1.1 The Public Sector Equality Duty requires Ministers to have due regard to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010, advance equality of opportunity and foster good relations between persons who share protected characteristics and those who do not.

**Question 21: Do you have any comments at this stage on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

# About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

# Annex A – Summary of questions

- Question 1): What are your views on the Government's proposals to simplify the relative needs assessment by focusing on the most important cost drivers and reducing the number of formulas involved?
- Question 2): Do you agree that the Government should use official population projections in order to reflect changing population size and structure in areas when assessing the relative needs of local authorities?
- Question 3): Do you agree that these population projections should not be updated until the relative needs assessment is refreshed?
- Question 4): Do you agree that rurality should be included in the relative needs assessment as a common cost driver?
- Question 5): How do you think we should measure the impact of rurality on local authorities' 'need to spend'? Should the relative needs assessment continue to use a measure of sparsity or are there alternative approaches that should be considered?
- Question 6): Do you agree that deprivation should be included in the relative needs assessment as a common cost driver?
- Question 7): How do you think we should measure the impact of deprivation on 'need to spend'? Should the relative needs assessment use the Index of Multiple Deprivation or are there alternative measures that should be considered?
- Question 8): Do you have views on other common cost drivers the Government should consider? What are the most suitable data sources to measure these cost drivers?
- Question 9): Do you have views on the approach the Government should take to Area Cost Adjustments?
- Question 10a): Do you have views on the approach that the Government should take when considering areas which represent a small amount of expenditure overall for local government, but which are significant for a small number of authorities?
- Question 10b): Which services do you think are most significant here?
- Question 11a): Do you agree the cost drivers set out above are the key cost drivers affecting adult social care services?



- Question 11b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting adult social care services?
- Question 12a): Do you agree that these are the key cost drivers affecting children's services?
- Question 12b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting children's services?
- Question 13a): Do you agree that these are the key cost drivers affecting routine highways maintenance and concessionary travel services?
- Question 13b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting routine highways maintenance or concessionary travel services?
- Question 14a): Do you have views on what the most suitable cost drivers for local bus support are?
- Question 14b): Do you have views on what the most suitable data sets are to measure the cost drivers for local bus support?
- Question 15a): Do you agree that these are the key cost drivers affecting waste collection and disposal services?
- Question 15b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting waste collection and disposal services?
- Question 16a): Do you agree these remain the key drivers affecting the cost of delivering fire and rescue services?
- Question 16b): Do you have views on which other data sets might be more suitable to measure the cost drivers for fire and rescue services?
- Question 17a): Do you agree these are the key cost drivers affecting the cost of legacy capital financing?
- Question 17b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting legacy capital financing?
- Question 18a): Are there other service areas you think require a more specific funding formula?
- Question 18b): Do you have views on what the key cost drivers are for these areas, and what the most suitable data sets are to measure these cost drivers?

Question 19): How do you think the Government should decide on the weights of different funding formulas?

Question 20): Do you have views about which statistical techniques the Government should consider when deciding how to weight individual cost drivers?

Question 21): Do you have any comments at this stage on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

## APPENDIX B

### Fair Funding Relative Needs Technical Consultation

#### *Joint Response from Breckland, Broadland, Great Yarmouth, King's Lynn & West Norfolk, South Norfolk and North Norfolk Councils – March 2018*

The six district councils from the county of Norfolk welcome the opportunity to input into the Fair Funding Relative Needs consultation 2018. We have taken this opportunity to set out our key issues and policy suggestions to the questions asked in the consultation.

The six districts cover an area of around 2,000 sq miles and are home to over 750,000 residents.

#### **Key points:**

- Despite the formulas being used, it is important that the overall quantum is high enough to ensure that funding levels are **sufficient for everyone to meet the overall needs of the population.**
- We welcome the overall drive for a more understandable and transparent approach.
- The emphasis given to the higher costs of delivering services in rural areas is very welcome. It could be reinforced still further through inclusion of measures of household dispersal, property density and rural isolation. It is important that higher funding for rural services is not dampened away as happened with previous formula changes.
- General Fund services for Housing and Homelessness should have a specific formula to reflect the relative demand for these services
- Funding pressures experienced by those authorities with Internal Drainage Board (IDB) levy responsibilities should be addressed, preferably by IDBs levying a separate precept on the Council Tax to improve transparency.

#### **Question 1): What are your views on the Government's proposals to simplify the relative needs assessment by focusing on the most important cost drivers and reducing the number of formulas involved?**

We are in favour of an approach that results in a simpler, though not simplistic, determination of the funding for local government which avoids the creation of perverse incentives. We therefore support the proposal to simplify the assessment of needs by focusing on the cost drivers that are most important in determining needs. This approach meets the key principles of simplicity and transparency and should mean that the allocation of funding is readily understandable, which is important in creating confidence in the local government finance system. This level of transparency and simplicity should be maintained over time, so that there are not future "tweaks" to the formula that allow complexity and opacity to creep back in.

We would also argue that despite the formulas being used, it is important that the overall quantum is high enough to ensure that funding levels are sufficient for everyone.

We agree that there should be a Foundation Formula which will cover many of the services that District Councils provide, along with some service-specific formulas where there are particular cost drivers.

In addition, we support the points highlighted by the Rural Services Network set out below:

*“We note that this consultation does not touch on either the resources block or the central allocation block. We have long expressed the view that the outcomes of the existing formula model are unfair on rural areas and whilst we agree with the simplification of the existing mechanism, we await consultation on the resources block in order to assess the overall impact of the fair funding review.*

*Of particular concern is that there is no mention of the central allocation block. As this formerly distributed funding on a per capita basis, it seems clear that if this was to be removed with all funding being made via needs and resources (and damping) then the current needs formulae would result in significant redistribution from rural areas, a move which we would clearly not support.*

*We seek clarification, therefore, as to the plans for the central allocation block. We also call for greater clarity on the Government’s plans for setting the relative weights between the blocks.”*

**Question 2): Do you agree that the Government should use official population projections in order to reflect changing population size and structure in areas when assessing the relative needs of local authorities?**

We support the use of official population projections to reflect the changing demographics of local areas. Population is a key driver of need in all services and should be reflected in the foundation formula. The approach would need to factor in transient population such as students and service personnel in order to ensure that these are taken into account. In order to sense check that population projections are as accurate as possible, we would propose that the information on dwelling numbers submitted in the CTB form is combined with population density and then used to triangulate the projections.

It is recognised within the consultation document that population is a key driver of services, but this does not take into account the effect of short term visitors on such functions as waste, environmental health and highways. The more foot and car traffic that is experienced in an area, the more wear and tear will be experienced on highways, footpaths and car parks which will need to be resurfaced or patched more frequently as a result. Increase in day time population will generate increased wear and tear on coastal and other assets which will also require increased maintenance. There is also an obvious link between extra visitors and increased cleansing costs

**Question 3): Do you agree that these population projections should not be updated until the relative needs assessment is refreshed?**

We believe that, in most circumstances, population projections should not be updated until the relative needs assessment is refreshed. This will provide local authorities with a measure of stability in their funding over the medium term which

can help to facilitate long term investments. However, the consultation notes that unpredictable changes cannot be reflected in population projections and, in more extreme circumstances, where there are large one-off changes in population, this could create unforeseen pressure on local finances to such an extent that this could damage community confidence. It would therefore be helpful to have a “safety mechanism” so that funding can be revisited should actual population changes diverge from projections by more than 10% in one year in a local authority area. Funding could be top-sliced to pay for this and returned to all authorities if not needed.

**Question 4): Do you agree that rurality should be included in the relative needs assessment as a common cost driver?**

Yes, we strongly support this. Any future system must have a solid basis for dealing with sparsity and rural related issues. Rural authorities were allocated additional funding in 2013/14, most of which was dampened away. There is a strong case for rural authorities to receive funding for the additional need that has been assessed. Urban areas in the 18/19 provisional settlement received some 49.34% (£123) more per head in Settlement Funding Assessment grant more than their rural counterparts. The Secretary of State announced an additional £31 million in Rural Services Delivery Grant as part of final settlement and stated ‘I am committed to ensuring the needs of rural areas are met and recognise the particular costs of providing services in sparse rural areas’.

Rural Services Delivery Grant is due to be rolled into the funding formula. Currently, this has a different method of distribution from the formula funding. When this is changed, rural authorities may potentially lose some of their funding, so this must be considered carefully to ensure that rural authorities do indeed gain from the changes, in line with the Secretary of State’s commitment above.

**Question 5): How do you think we should measure the impact of rurality on local authorities’ ‘need to spend’? Should the relative needs assessment continue to use a measure of sparsity or are there alternative approaches that should be considered?**

In delivering rural services, the impact of rurality is important as it increases costs, for example in lengthening travel times for refuse collection. It is frequently the distance between residences that is the key driver for increased costs, e.g. waste vehicle journey times or care worker travel times, and therefore we would ask for consideration to be given to measuring the level of *dispersal* of households, in terms of number of residences per hectare, as well as measuring sparsity of population.

The Rural Services Network has undertaken reviews in the past which have shown significant cost penalties for provision of services in rural areas associated with ‘lost’ travel time but these have been deemed too limited to meet MHCLG statistical criteria. Nevertheless, this is an important cost driver, deserving of further work to establish the additional cost of delivering services to rural areas and if this cannot be undertaken then an increase to the weight of the sparsity indicator should be used.

**Question 6): Do you agree that deprivation should be included in the relative needs assessment as a common cost driver?**

Yes, we agree.

**Question 7): How do you think we should measure the impact of deprivation on 'need to spend'? Should the relative needs assessment use the Index of Multiple Deprivation or are there alternative measures that should be considered?**

We do not believe that using benefits claimed as an indicator of deprivation is appropriate at the present time, given that the move to Universal Credit is only partly complete and varies across the country. Using the Index of Multiple Deprivation would be a more robust and stable measure on which to base the relative needs assessment and provides a more rounded view of deprivation.

We would also point out that low wages rarely feature as a measure of deprivation and many rural areas suffer from low wages and high living costs which are not factored into needs formulae.

**Question 8): Do you have views on other common cost drivers the Government should consider? What are the most suitable data sources to measure these cost drivers?**

Given that the common cost drivers should be ones that drive demand for all services, we consider that the three drivers identified are the most important ones. However, Councils' costs are also driven by the fact that they provide many services to business, for example, planning, licensing, building control and food safety. We would therefore propose that the number of businesses in each local authority area be included in the foundation formula. The data source for this could come from HMRC or the VOA. This would also help to add further growth incentives into the system.

Consideration could also be given to including a measure of population turnover or churn as having to deal with new people moving in and out of an area adds to the costs of delivering services. Internal migration statistics are measured by the Office for National Statistics.

We would not support consideration of past patterns of spending as a cost driver as this is not necessarily representative of actual need to spend.

**Question 9): Do you have views on the approach the Government should take to Area Cost Adjustments?**

The current approach to Area Cost Adjustments, by giving higher weight to areas which have a higher proportion of expenditure on employees and business rates, effectively rewards authorities that employ more staff and use more office space to deliver services. It could therefore act as a counter-incentive to moving to digital service delivery and to automate processes to reduce labour costs. Nevertheless, we

recognise that the costs are higher in different parts of the country and would suggest that more general measures of such cost differences could be used, e.g. relative house prices and rental levels and the retail price index at a local level. We understand that the ONS currently collects this data, though it may not currently be publicly available.

In order to avoid the “cliff edge” effect of the current approach, we consider that the Area Cost Adjustment should be applied at a District level and applied on a sliding scale across the country.

We agree that a measure of rurality should be included in Area Cost Adjustments to reflect the higher costs of delivering services such as waste and social care in rural areas. We believe that there is currently no recognition of the additional costs which are prevalent in rural areas associated with imperfect market conditions where labour costs might be inflated due to low supply.

Coastal authorities will also experience higher costs, as they will have less opportunity to share services across borders with other authorities.

The purpose of Area Cost Adjustment should be to take account of the costs in local geographical areas, not to reflect decisions to contract services. Therefore, where it is currently assumed that services are likely to be contracted, this should not affect the Area Cost Adjustment in such a way as to incentivise either contracting out or contracting in.

**Question 10a): Do you have views on the approach that the Government should take when considering areas which represent a small amount of expenditure overall for local government, but which are significant for a small number of authorities?**

We consider that, given that this is a small proportion of local government expenditure as a whole, the government should consider top slicing funding and applying it directly to those authorities affected, or allowing flexibility in the setting of ring-fenced precepts to cover these areas. The former method is preferred as the latter would disadvantage councils with smaller taxbases and who historically have kept council tax rises low.

In the case of flood defences, if Internal Drainage Boards levied a separate precept onto Council Tax, this would enable a proportion of these costs to be funded locally in a more transparent manner.

**Question 10b): Which services do you think are most significant here?**

Flood defences will be a specific and costly expense for a limited number of authorities.

**Flood and Coastal Erosion Risk Management:**

The Norfolk coastline has particular coastal erosion and sea defence issues. North Norfolk has a soft coastline which is particularly susceptible to erosion, leading to loss of properties, businesses and blight of communities. King's Lynn & West Norfolk has similar cliff erosion issues and continuing sea defence maintenance and

sustainability priorities, as does Great Yarmouth. North Norfolk District Council (NNDC), the Borough Council of King's Lynn & West Norfolk (BCKLWN) and Great Yarmouth Borough Council are Coast Protection Authorities as identified by the Coast Protection Act 1949. Under provisions within the Act, the authorities have powers to provide coast protection and actively manage coastal erosion defences. In doing so significant funding is invested each year in repairing and maintaining coastal defences as well as contributing capital sums as contributions to more significant schemes. Historically, maintenance of Local Authority coast protection assets was funded through RSG, and with this funding disappearing, it is vital that this is replaced through the new funding formulas. In comparison, Sea Flood Defence Asset maintenance is funded directly from government (DEFRA) to the Environment Agency, therefore without RSG local authorities are disproportionately impacted.

For example, in 2016/17, NNDC budgeted £310,000 on direct coast protection maintenance with wider service costs which include other activities of approximately £160,000. In 2013/14, NNDC received only £101,193 of needs based funding within the Settlement funding. As this is reducing, this is putting pressure on other services which are competing for reduced funding.

It is clear that this is a significant area which could result in a structural funding deficit and put great pressure on other services if not addressed adequately through this review. In terms of cost drivers, a simple way to measure need to spend could be around length of coastline (as it would follow that the more coastline is in an authority's area, the more they are likely to need to spend in this area), although there are significant issues with type, length and exposure to the sea of environmental defences that would not be taken into account by this model. The policies of the council would not change the need to spend on coastal issues, as with other services (i.e. we cannot simply decide not to spend the money as it would compromise people's safety), and we are effectively at the mercy of factors entirely outside of our control such as the weather and tides etc. Not to fund these services through the funding formulas would significantly disadvantage coastal authorities over other authorities without such pressures.

**Internal Drainage Board Levies (IDBs):** Those authorities with Internal Drainage Board (IDB) levy responsibilities have particular funding pressures. For example, in King's Lynn & West Norfolk the IDB levies in 2018/2019 will be £2.7 million, this represents 16% of the Borough's total net expenditure. We attach a map showing the flood risk areas in England and Wales which highlights the particular issues faced by some authorities, including BCKLWN.

The current unfunded pressures must be addressed before consideration of new responsibilities. The current levy system of funding of Internal Drainage is not equitable or transparent for the local taxpayer. The costs of local drainage measures are managed and controlled by the Drainage Boards and under legislation these costs are levied on the local authority and formally 87% reimbursed through the Revenue Support Grant. The significant reductions in Revenue Support Grant have eroded the proportion of the cost of drainage levies reimbursed to local authorities.



Local authorities have to make savings against their services to meet the drainage levies imposed by the Internal Drainage Boards. We therefore propose that Internal Drainage Boards should be able to separately precept to meet the drainage board costs. Failing this, funding should be provided through the funding formula to reimburse the costs of Internal Drainage Board levies at the existing level.

**Question 11a): Do you agree the cost drivers set out above are the key cost drivers affecting adult social care services?**

The cost drivers should recognise the role of District Councils in helping to reduce demand on social care and the NHS by preventing people needing to access these services through provision of leisure and recreational facilities, offering debt advice, tackling homelessness, supporting troubled families, addressing social isolation (for example BCKLWN Living Independently in Later years 'LILY' project or the South Norfolk "Early Help Hub") and supporting people to live independently in their homes through investment in care and repair and handyperson services. The integrated hospital discharge hub pilot operating in Norfolk provides data on where Districts have successfully intervened at the point of admission to reduce bed blocking.

Measuring numbers of people with higher levels of impairment should go hand in hand with measuring numbers with a long term condition as this will affect the ongoing need for services.

We would argue that rural isolation also impacts on the need for social care services as it reduces the ability of adults to access support easily.

Consideration could be given to including a measure of carers' involvement as this can affect the need for statutory social care support.

There should also be some consideration to not only measuring the number of older people as a cost driver, but also including projections on how this might change. Norfolk has an increasing population of older people as people move into the County to retire, which can put pressure on Social Care services.

There should be a weighting factor behind the numbers of old people in different ages brackets to reflect the differing cost of service provision for different age groups. For example, people over 80 are likely to have greater social care needs than people between 65 and 70.

If the number of people who live alone is to be used as a cost driver, it would be sensible again to weight this by age of occupant, as single occupants over 65 are more likely to have social care needs than younger occupants.

The cost of providing social care for adults will also be affected by the level of investment by the local CCGs, as often Councils are left to pick up the bills that underfunded CCGs cannot afford.

**Question 11b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting adult social care services?**

Suitable measures that reflect the demand reduction and prevention role of Districts could be the number of inpatient bed days per head for the main hospitals serving

each District's population, the number of delayed transfers of care (DTOCs) to an area and levels of readmission following hospital discharge. These statistics are already collected by the NHS. To incentivise prevention, it should be possible to measure the change in these measures and make this change inversely proportionate to funding levels for Districts so that as the measures improve Districts gain more.

To measure rural isolation, we would suggest measuring the number of families who live outside of main transport routes and the number of families who live in communities less than 1500 people. Norfolk County Council and the UEA have developed a rural isolation indicator which could be used (available from Norfolk's Head of Public Health Information)

Long term conditions could be measured through counting specific conditions such as dementia and learning or physical disabilities, but also through measuring the associated life expectancy to determine how long authorities will need to bear these costs.

**Question 12a): Do you agree that these are the key cost drivers affecting children's services?**

We agree that these are some of the key drivers, but we would add 2 further drivers that impact on the demand for services.

Firstly, rural isolation, since whilst this is alluded to in the distance to schools, there are many other factors outside of mainstream education that affects children's ability to thrive, including ability to travel post 16 to college/apprenticeships.

Secondly, the number of children in families who have both parents out of work is a strong indication of the level of support those children will need. This again is alluded to in deprivation but areas of deprivation figures such as Local Super Output Areas, tend to show a low priority in rural areas due to low numbers, but in reality a small number of children who are at risk of exclusion will face disproportionate challenges and require more expensive support.

Local Authorities are legally responsible for children leaving care up until the age of 25, so using the number of children under 18 as a cost driver may not accurately reflect the need to spend here.

**Question 12b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting children's services?**

To measure rural isolation, we would suggest measuring the number of families who live outside of main transport routes and the number of families who live in communities less than 1500 people. If this is not used then the sparsity indicator should be considered for Children's Social Care as home to establishment transport costs more in rural areas.

The Index of Multiple Deprivation would be a suitable data set for measuring deprivation, but we would add the number of children who are Not in Education,

Employment or Training (NEET) and the number of working age people who have children who are out of work.

**Question 13a): Do you agree that these are the key cost drivers affecting routine highways maintenance and concessionary travel services?**

We agree with the highways maintenance cost drivers.

We do not believe that the concessionary travel services cost driver is appropriate. When LG Futures undertook their work on sparsity and rurality, concessionary travel had the strongest negative correlation between sparsity and expenditure. We believe that this is a prime example of 'unmet need' – bus boardings in rural areas are so low because there simply are very few buses provided in those areas. This is due to historic low levels of funding resulting in low or no support resulting in low or no bus service provision. We therefore strongly disagree with the existing formula.

**Question 13b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting routine highways maintenance or concessionary travel services?**

We would propose that the Access to Services index from the Indices of Multiple Deprivation be used to measure need for concessionary travel and for bus support.

**Question 14a): Do you have views on what the most suitable cost drivers for local bus support are?**

We consider that the need for bus services increases based on the proportion of the population who do not have access to a car. Costs will also be driven by how far buses have to travel to population centres and therefore sparsity will be a factor.

**Question 14b): Do you have views on what the most suitable data sets are to measure the cost drivers for local bus support?**

We would propose that the Access to Services index from the Indices of Multiple Deprivation be used to measure need for concessionary travel and for bus support.

**Question 15a): Do you agree that these are the key cost drivers affecting waste collection and disposal services?**

We agree that these are some of the key drivers, though we would modify the number of households to reflect the average number of persons constituting a household and demographics since property numbers alone are not indicative of the mass of waste produced. Smaller, older households tend to produce less waste overall, but older households are likely to make less use of recycling services. There is a clear link between deprivation and a lower likelihood that the household will recycle, in terms of both volumes and doing it correctly (contamination levels).

We would add a further two cost drivers.

Firstly, the location and number of tipping/transfer locations as this also affects travel time, costs are influenced not just getting around the houses but also the time spent when travelling to tipping points.

Secondly, we would add the density of properties in a given land area, but also reflecting the proportion of properties in urban, suburban and rural areas, as costs would tend to vary by those types of areas.

We would also comment that contamination of the recycling stream is a key driver of the actual cost of recycling, though it would be necessary to get a nationally comparable measure of this if it were to inform this block.

**Question 15b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting waste collection and disposal services?**

“Waste dataflow” (a national database which should be looked at for data mining) can be interrogated for supportive information such as waste per household. For tipping locations a suitable dataset would be proximity and number of tipping locations and travel time to depot from them.

**Question 16a): Do you agree these remain the key drivers affecting the cost of delivering fire and rescue services?**

There is a case for an adjustment here to cover the length of roads and road usage, as a large proportion of incidents attended by the Fire Service are road traffic accidents.

**Question 16b): Do you have views on which other data sets might be more suitable to measure the cost drivers for fire and rescue services?**

We have no comments.

**Question 17a): Do you agree these are the key cost drivers affecting the cost of legacy capital financing?**

We would consider that the actual levels of outstanding debt and the actual rate of interest charged on this debt would be the key cost drivers, rather than assumed figures.

Councils should have been making prudent MRP provision for this debt, therefore this block should, at the very least, be reduced on a 4% reducing balance basis in line with this. The Capital Financing block is high compared to other areas, including Adult Social Care, and could be better used elsewhere in the formula.

**Question 17b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting legacy capital financing?**

Where borrowing is from the PWLB, data should exist to show actual outstanding debt and the related interest rate on this debt which could be suitable to measure this cost driver accurately.

**Question 18a): Are there other service areas you think require a more specific funding formula?**

We would propose that General Fund services for Housing and Homelessness and Public Health should have a specific formula to reflect the relative demand for these services and the differing cost drivers behind these services.

**Question 18b): Do you have views on what the key cost drivers are for these areas, and what the most suitable data sets are to measure these cost drivers?**

Cost of housing and temporary accommodation could be included here as cost drivers since there is nothing currently that covers this in the area cost adjustment and clearly there will be a link between the affordability of housing in the area and the levels of homelessness.

Cost drivers could be based on measures likely to drive the local balance of housing demand and supply and therefore require local authority intervention in housing markets at a local level, for example, measures of housing affordability such as income against rental levels and house prices. The ONS publishes annual statistics that bring together data on house prices and annual earnings to calculate affordability ratios for local authority areas (Housing affordability in England and Wales Statistical bulletins).

**Question 19): How do you think the Government should decide on the weights of different funding formulas?**

We agree that it would be better to remove the level of judgement involved in weighting, as this will promote a more stable and sustainable system. We therefore believe it makes sense to weight different services based on actual national expenditure along with an assessment of future pressures on services. However, when the relative needs formulae are refreshed, the level of actual pressure experienced should be assessed against what was originally forecast and the weighting adjusted prospectively where the actual differs significantly from forecast. This would help to address the issue of partly basing funding on future pressures that actually turn out to be greater than forecast.

Though we recognise that this is an assessment of relative need, we would argue that the total needs of local authorities and their residents do need to be considered first before assessing relative needs. It would be very helpful to have an assessment of the total need of authorities spend to deliver fully all their statutory obligations and their roles in place-shaping and promoting economic growth. It may be that the total income of local authorities may have to increase over time to match the total need. Without this assessment, debates over relative need of particular types of authority, e.g. those with social care responsibilities, may simply be hiding an unquantified shortfall in how the total need for particular services is being funded.

We are of the opinion that the central allocation should remain in some form, as to remove it would disproportionately impact on District Councils. Removing this block and redistributing it through the service formulas would see the majority of it redirected to Social Care and leave District Councils with a funding gap. The same is

true of the Fixed Cost block which currently forms part of the mixed tier RNF. This could all possibly be achieved through the proposed Foundation Formula, in which case we would very much support this approach.

**Question 20): Do you have views about which statistical techniques the Government should consider when deciding how to weight individual cost drivers?**

We consider that simple expenditure based regression based indicators are not a reliable or appropriate indicator of need as previous patterns in spending may not necessarily be representative of the actual need to spend of local authorities. We would therefore support detailed consideration of the approach outlined in section 5.6.5 where all authorities are assessed on the basis of the same level of funding per head in order to identify the relative needs of each authority.

**Question 21): Do you have any comments at this stage on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

At this stage, it is not possible to comment on the potential impact.



# CABINET CORE AGENDA 2018

	Decisions: Key, Policy, Operational	Key Decision/Item	Lead Officer	Cabinet Member	Exempt Y/N
<b>Council 19 February</b>					
<b>19 Mar</b>					
	K	Installation of Electric Car Charging Points in our Market Town Car Parks	D Disney	J Fuller	N
	O	Statement of Co-operation with Waveney District Council	S Marjoram	J Fuller	N
	O	Homeless Reduction Act	R Dunsire	Y Bendle	N
	K	Ketts Park	M Heazle	Y Bendle	
	O	Leisure Principles and Strategy	S Goddard	Y Bendle	
	O	Telephony	P Catchpole	B Stone	Y
<b>30 April</b>	O	Guidelines for Recreation Provision in New Residential Development s – Revised Consultation Draft	S Marjoram	J Fuller	N
	K	Economic Growth Strategy	N Cunningham	J Fuller	N
	O	Statement of Co-operation with Waveney District Council	S Marjoram	J Fuller	N
<b>Council AGM 14 May</b>					
<b>11 June</b>					
	O	Performance, Risk and Capital Budget Position Report for the Financial Year 2017/18	A Mewes/M Fernandez-Graham/E Goddard	B Stone	
<b>Council 9 July</b>					

<b>23 July</b>	O	Performance, Risk and Capital Budget Position Report for Q1 2018/19	A Mewes/M Fernandez-Graham/E Goddard	B Stone	
<b>10 Sept</b>					
<b>Council 17 September</b>					
<b>5 Nov</b>	O	Performance, Risk and Capital Budget Position for Q2 2018/19	A Mewes/M Fernandez-Graham/E Goddard	B Stone	
<b>3 Dec</b>					
<b>Council 10 December</b>					

Key decisions are those which result in income, expenditure or savings with a gross full year effect of £100,000 or 10% of the Council's net portfolio budget whichever is the greater which has not been included in the relevant portfolio budget, or are significant (e.g. in environmental, physical, social or economic) in terms of its effect on the communities living or working in an area comprising two or more electoral divisions in the area of the local authority.



**Cabinet 19<sup>th</sup> March 2018**

**Agenda Item No. 12**

## **LEISURE PRINCIPLES AND DRAFT STRATEGY**

**Report of the Director of Communities and Wellbeing  
Cabinet Member: Cllr Yvonne Bendle**

**CONTACT**

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[jsutterby@s-norfolk.gov.uk](mailto:jsutterby@s-norfolk.gov.uk)**

## **1. Exempt Appendix**

- 1.1** The South Norfolk Leisure Strategy 2018-19 is presented at Appendix 1 of the report. As some of the information in the Strategy is commercially sensitive, this information has been extracted and forms Appendix 2. Appendix 2 of the report is therefore NOT FOR PUBLICATION by virtue of paragraph 3 of PART 1 of Schedule 12A of the Local Government Act 1972

## **2. Introduction**

### **Why do we provide a Leisure Service?**

SNC is in the minority of district councils in terms of retaining an in-house provision of its leisure facilities. Over the past years, many district, borough and city councils have either ceased to provide or outsourced their leisure offer, in the context of overall cost pressures and given that there is no statutory requirement for councils to provide a service.

Across the region, delivery of outsourced leisure facilities is populated by a few large leisure management companies. Both the national and local picture is one of market share bidding with companies hungry for new contracts and offering high capital investment in return for very long-term contracts. The market is very competitive with a strong commercial focus on unlocking marginal profitability, with drivers such as social value and community health and wellbeing a secondary consideration.

There are some reasons why SNC continues to provide its own leisure offer:

1. Because SNC recognises the social value that Leisure Centres have as hubs within their communities.
2. Because SNC believes that communities should have access to a leisure offer proportionate to their community size and specific requirements.
3. Because SNC recognises the important contribution that a good leisure offer can make towards ensuring a more active and healthy population.
4. Because it allows SNC to adapt and provide a leisure offer orientated around specific cohorts in our communities to improve both physical and mental health.
5. Because Leisure can make an operational surplus and contribution back to SNC.

6. SNC Leisure services has the local knowledge, resource and future ability to extend the leisure offer and key principles to its community outside of the physical confines of the Leisure Centres.

Whilst SNC should always continue to review its options in terms of leisure delivery models, having control over our own assets to make the right decisions on behalf of our residents remains a compelling argument for retaining in house provision.

### **3. Background**

In the past 4 years, SNC has invested £6.7m million capital into our leisure facilities, £6.4m of which relates directly to our significant refurbishment programme. This is in recognition of both the health and wellbeing and commercial potential of the facilities and service, and a direct alternative to outsourcing facility management which may not provide as good a deal for all of our residents and communities.

However, it is important that SNC considers its future investments into leisure very carefully. The context of ensuring that the taxpayer sees value in every pound invested and the continuing impact of the Government's programme of austerity means that wise decisions around the use of funds are more important than ever. This does not mean that SNC has relinquished its enthusiastic pursuit of the delivery of high quality leisure facilities, but will require members and officers to be increasingly innovative and collaborative in how these ambitions are best delivered.

## **4. Current Position/Findings**

### **Introduction to the draft strategy**

Addended to this paper is a draft three-year strategy document. This document sets out the strategic aims of the leisure service, and how it contributes towards the overall aims of SNC. The document also looks to set out the current context of our service and our population, where it originated from and provides headline areas for focus over the next three years.

The document is presented as draft and members are asked to consider the document and comment on its content, particularly on the strategic aims of the service.

## **5. Proposals**

### **How do we make decisions?**

There are many opportunities within the leisure service which can provide social and/or commercial value. In order to help govern how decisions are made about what we choose to pursue or not, it is important that we lay out a set of principles for members' consideration. These principles will be integral to the strategy and its delivery will help officers prioritise how we allocate resources

### ***Community Offer***

1. SNC will work with partners to aim to ensure that there is a Leisure offer appropriate and proportionate to communities across SNC, to help as many of our population become active. In doing this, our order of priority of preference will be:
  - a. Steer the community towards existing provisions and work with partners to make sure they are accessible.
  - b. Develop capacity in the community sector to help establish self-sustaining leisure solutions.
  - c. Where there is a gap in the market, look at options to provide.

2. We will work with partners to ensure that a leisure offer is a consideration of any major development or population growth in the district.

### ***Health and Wellbeing***

1. Given the developed national evidence on the telling contribution that activity can have on various longer-term conditions and social issues. SNC should utilise its leisure assets and expertise to help work in the following areas. This is building upon our successful Help Hub partnership and community connectors and work to help develop community capacity.
  - People who are likely to or have suffered a fall as a consequence of frailty.
  - Unhealthy and inactive lifestyles in adults and children; adult and children's obesity.
  - Those experiencing long term worklessness and NEET (not in education, employment or training).
  - Those experiencing low level mental health issues such as early onset dementia and social isolation.
2. Activity will be targeted to areas of the district where we are aware of specific needs to ensure tailored provision to local communities, not universally.
3. Given the contribution to wider public-sector issues, SNC will seek to work in partnership and attract funding to help deliver in these areas, and to satisfy financial objectives for the service.

### ***Financial***

1. The Leisure Service overall should seek to make and grow an operational return to SNC from 18/19. To support this, any new or existing facility should seek to be at least cost neutral.
2. In establishing or maintaining any facility we should look to work with partners to help share the operational cost burden and risks.
3. Our leisure service should remain affordable to different members of our community, which means that some cohorts or products (see 'Health and Wellbeing') will generate less of a commercial operational yield than others.
4. In any investment SNC should look to better utilise existing community assets rather than develop from new.

5. Aside of investment to maintain our assets, any new capital investment over the strategy period in leisure facilities will need to come from external sources unless there is a demonstrable ROI in excess of those typically expected via our treasury management investments (typically this is currently between 2 and 3%).

## **6. Recommendation**

Cabinet is asked to:

1. Agree the principles that are included within the report as a policy framework, as to how officers will develop the leisure service over the life of the strategy.
2. Approve and adopt the draft leisure strategy.

## South Norfolk Leisure Strategy 2018-2021



## FOREWORD

### **Councillor Yvonne Bendle**

***Cabinet Member for Housing, Wellbeing, Leisure & Early Intervention***

South Norfolk Council has a significant role to play in improving the wider determinants of health, wellbeing and quality of life of our residents. We work closely with our partners nationally with Sport England, and locally with Active Norfolk, public health, clinical commissioning groups, Norfolk Constabulary and social care to ensure that we are always seeking new opportunities for innovation and collaboration to improve our residents' wellbeing. This South Norfolk Leisure Strategy sets out SNC's response to the current challenges in leisure, sporting provision, health and wellbeing and public health, and how we will lead, instigate and deliver change to maximise our commercial venture to contribute to health and wellbeing outcomes.



As a district council, we recognise the valuable economic, health and social benefits and advantages that being active can have on our communities. Our commitment to the health, wellbeing and leisure agenda has seen SNC make an investment of over £6,000,000 in our leisure facilities over the last 4 years during a time of austerity, which recognises the scale of our ambition to deliver commercially viable and holistic leisure services for our residents. This approach is paying dividends. We have seen a 52% increase in fitness membership; 40% increase in pupils attending our swim school and a 114% increase in footfall at our leisure centres over the last 3 years. Our leisure service has also achieved accreditation for the industry Kite Mark Quest scheme demonstrating the quality of our operational standards, health and safety, customer care, business approach and community work. Our Leisure service is well connected at a local level with its customers and partners and has a strong reputation for multi-agency working, innovation and delivery, which is well recognised.

However, there is always more to do. This strategy outlines how the Leisure service will continue to develop over the next three years, and will find the balance required in terms of providing high quality and an accessible leisure offer which is commercially viable. Additionally, how the leisure offer can help to improve the health and wellbeing for both those more vulnerable members of our communities, also to the wider population so that in the longer-term, residents can enjoy improved health and wellbeing and avoid or delay demand on higher cost public health services.

Health and Wellbeing is of huge importance to the customers we serve and the partners with whom we work. It is up to us all to step up to the challenge of delivering lasting and cost-effective improvements.

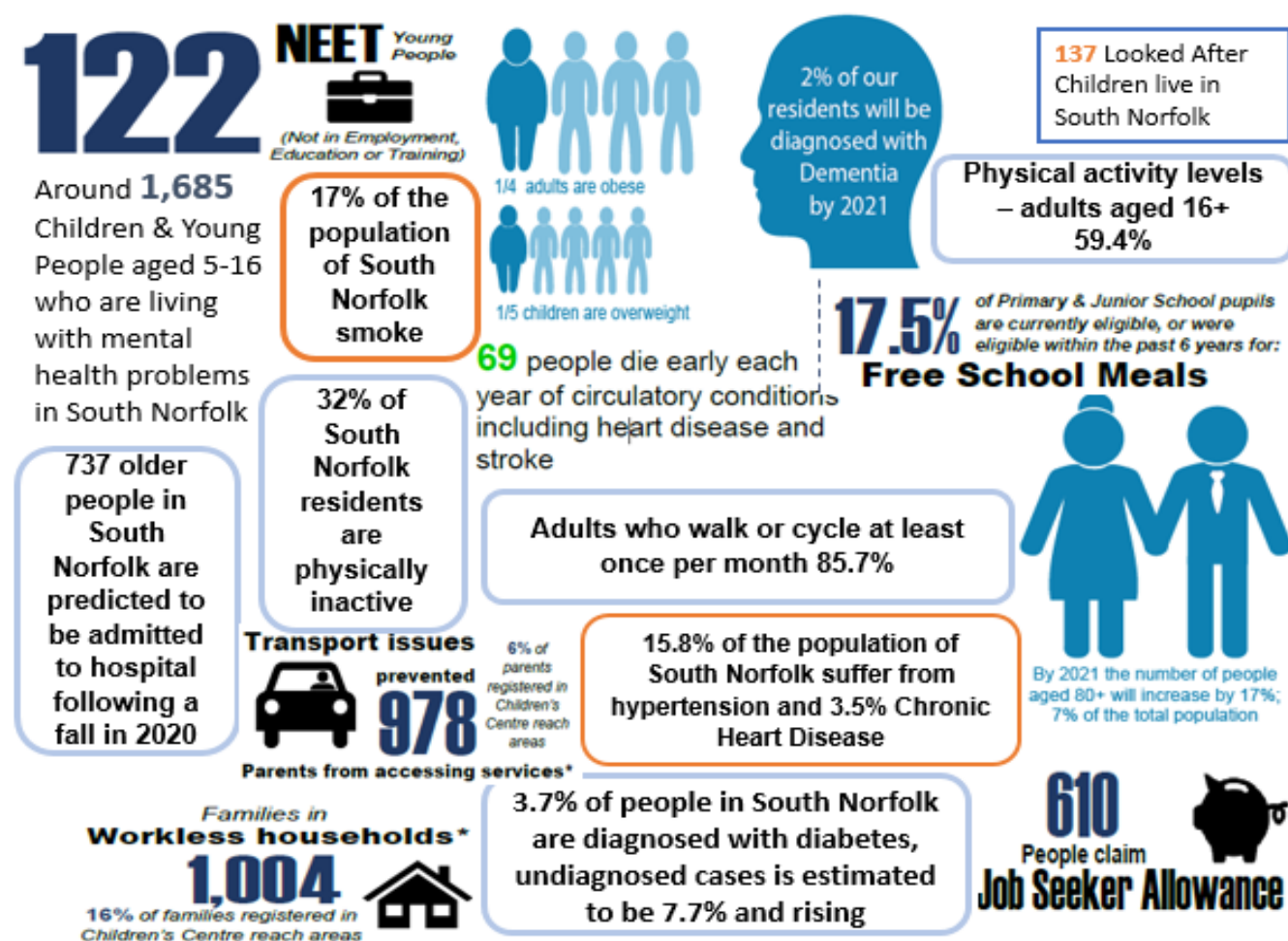
Councillor Yvonne Bendle



## SOUTH NORFOLK CONTEXT - BIG PICTURE CHALLENGE & OPPORTUNITIES

The health of people in South Norfolk is generally better than the England average. Life expectancy for both men and women is higher than the England average. However, we know there are significant variations at ward-level across the district, and the challenges presented to communities in a rural district area.

We also know that the population of the district is getting older, and more rapidly than the England predicted average. By 2020 there will be 3.4% (or around 4,700 residents) of the South Norfolk population that will be 85 or over, and this will be 6% by 2035. This brings with it an array of challenges related to frailty such as falls, mobility and social isolation, dementia and heart disease, which will place more strain on an already challenged public sector.



The contribution that leisure activity can have to a wider range of health determinants is well recognised. In its strategy 'Towards an Active Nation', Sport England outline 5 areas for focus with linked evidence that that being physically active and having access to activities and opportunities to live a healthier life can significantly benefit residents.

PHYSICAL WELLBEING

MENTAL WELLBEING

INDIVIDUAL DEVELOPMENT

SOCIAL & COMMUNITY DEVELOPMENT

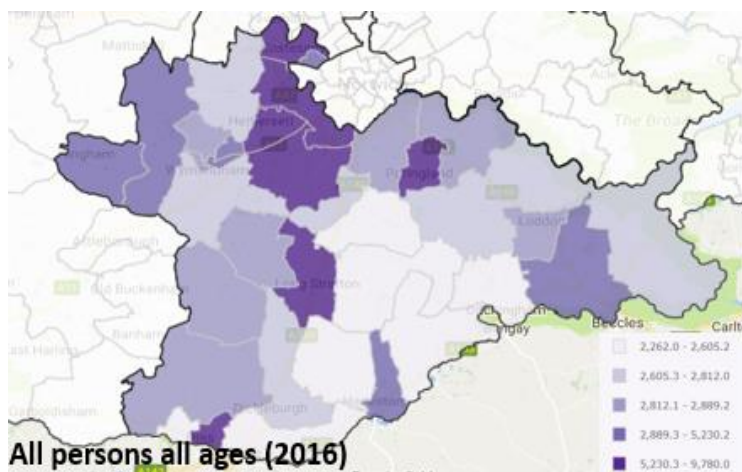
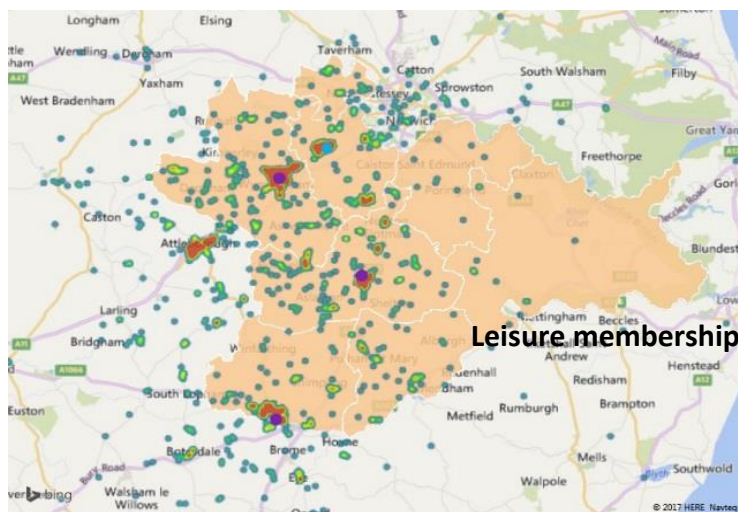
ECONOMIC DEVELOPMENT

## LEISURE SERVICES CUSTOMER PROFILE & CENTRE ANALYSIS



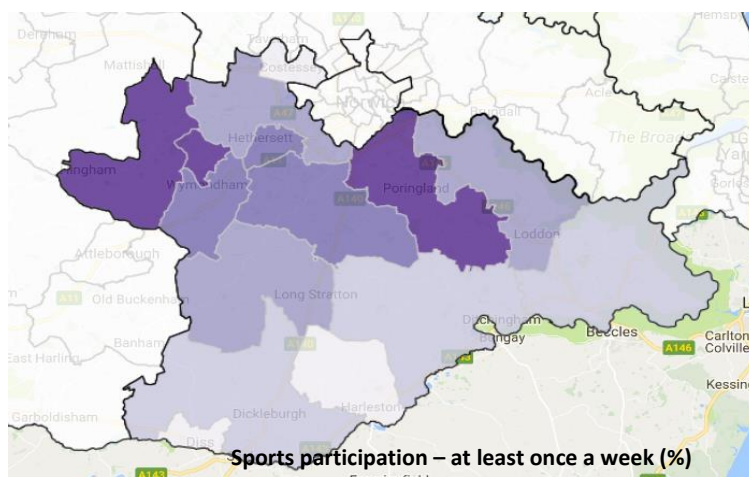
To encourage more residents in South Norfolk to be more active, more often to improve health and wellbeing and reduce health inequalities a particular focus is required on promoting the inactive to become active. A whole systems approach is required focusing more on

the needs of individuals and communities rather than any particular type of activity. In line with national strategies of Sport England and the local support of Active Norfolk we will aim to develop products and services which encourage greater activity levels for the currently inactive, targeted focus on which is recognised to have the greatest impact upon general population health and wellbeing. It is important to recognise that the commercial contribution of this cohort to SNC is not considered to be significant.



Our leisure membership is heavily biased towards the west of the District where the greatest number of South Norfolk residents reside. Leisure centres are based around the market towns, Wymondham, Diss and Long Stratton – having the highest density of population and therefore the greatest potential footfall.

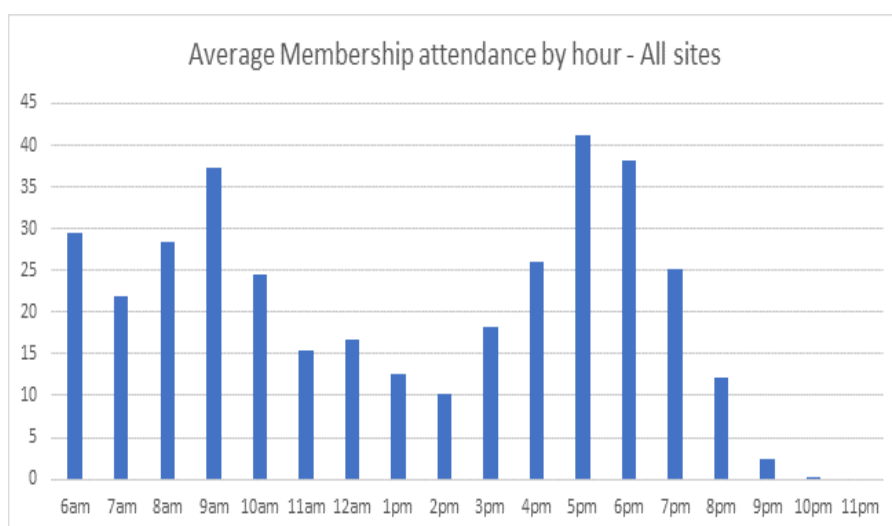
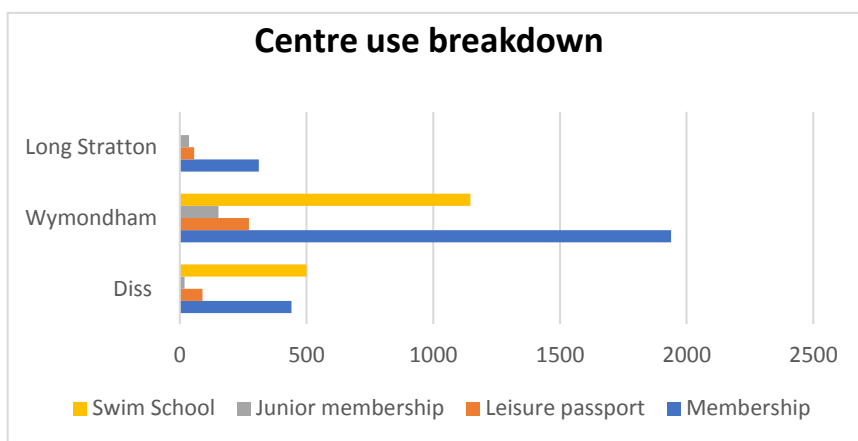
There is not a strong relationship between the location of our leisure facilities, and the participation of our communities in levels of activity. Each community will have differing requirements of their leisure 'offer'. However, access to a leisure offer is important as it encourages greater levels of activity in communities. The Leisure Service can make use of local community assets and open spaces to deliver leisure options which suit that community. This needs to be proportionate to the size and needs of a community will be developed alongside existing services.



SNC has seen an increase of 52% in centre membership and 114% in casual use of its centres since 14/15. The average age of our leisure customer is 38 (SN resident average age is 43 years), and have a full membership for a single centre and are most likely to use the facilities between 8am and 10am. Each customer contributes an average yield of £29.18 per month.

1,600 of our members have a leisure passport membership, 65% of which attend Wymondham leisure centre.

Plotting the membership attendance at all leisure sites has identified peak and non-peak hours. Usage patterns are shifting reflecting the changes in customer work life patterns and social culture. This needs to be reflected in the leisure offer.



In order to maximise capacity for full rate customers, earlier opening hours are being explored as part of the planning permission for the new Long Stratton development and for the Wymondham and Diss centres. Non-peak hours can be utilised for community pursuits and interventions targeted at residents who require support related to our health and wellbeing priorities.

In order to get more residents in South Norfolk, more active, more often to improve health and wellbeing and reduce health inequalities a particular focus is required on promoting the inactive to become active and therefore a whole systems approach is required focusing more on the needs of individuals and communities rather than any particular type of activity.

## INACTIVE

LESS THAN **30** MINUTES PER WEEK

**22.4%**

22.4% OF PEOPLE IN SOUTH NORFOLK (**27,779**) DO LESS THAN 30 MINUTES A WEEK

### How we will support the inactive population:

Social Prescribing – referral from GP to leisure activities  
Reduce barriers to first time gym attenders  
Link in with national campaigns - such as This Girl Can campaign, Active 10 and workplace health initiatives  
Targeted leisure activities towards specific such as falls rehabilitation, mental health  
Introduce a whole systems approach to obesity  
Community assets/open spaces – use of areas in the community to encourage activity

## FAIRLY ACTIVE

**30 – 149** MINUTES PER WEEK

**17.9%**

17.9% OF PEOPLE IN SOUTH NORFOLK (**22,198**) ARE FAIRLY ACTIVE BUT DON'T REACH 150 MINUTES A WEEK

### How we will support the fairly active population:

Local Community Facilities - i.e. village halls, community centres, local clubs;  
Partnership working – to support our partners and work with intra-community based facilities i.e. Hethersett Academy etc.  
Local sports groups – promote and support local sports groups e.g. tennis clubs, football leagues

## ACTIVE

**150 +** MINUTES PER WEEK

**59.7%**

59.7% OF PEOPLE IN SOUTH NORFOLK (**74,035**) DO 150 MINUTES OR MORE PER WEEK

### How we will support the active population:

SNC Leisure Centres - Where people play sport can have an impact on their experience and the likelihood they will come back regularly. Membership and usage at our leisure centres is income that can be reinvested to support more vulnerable residents.  
Regional Facilities - i.e. UEA Facilities  
We will also work with partners to support residents accessing regional and national levels in sports

Commercial Contribution



## STRATEGIC OVERVIEW

### Health, Well-being and Early Help

Proactively working with communities to provide help at the earliest opportunity and enhancing the health and well-being of our residents.



#### Over the next 3 years we will:

- **Maximise engagement in leisure services via Community Connectors, Social Prescribing and Early Help Hub at our established centres and in the wider community.**
- **Focus on improving health priorities; low level mental health issues and dementia; falls prevention; worklessness and obesity.**
- **Identify partnership working to increase inactivity and potential regional and national funding opportunities**

#### ◆ **Targeting services to support key areas of the district and communities who suffer from the ill effects of an unhealthy and inactive lifestyle**

It is more likely that those residents who currently undertake no activity can be encouraged into activity, where they may feel more comfortable in their surroundings, where they know other people and isn't far from home. In order for this to happen we need to support communities to identify, organise and support local initiatives to increase activity.



**TACKLING INACTIVITY WILL BE THE  
HIGHEST PRIORITY FOR OUR INVESTMENT  
BECAUSE THE BENEFITS OF BECOMING  
ACTIVE FOR THEM AND FOR WIDER  
SOCIETY ARE THE GREATEST**

**SPORT ENGLAND: TOWARDS AN ACTIVE NATION**

The 22% who are inactive are people that do not achieve a total of 30 minutes of at least moderate intensity physical activity in a week. They are likely to be older, female and with a limiting illness or disability. Our challenge is to get them to think about building activity into their daily lives in small steps so that they are able to participate with confidence, whether that be at a community facility or one of our leisure centres.

Once started on that journey of activity, we need to be able to help them access wider SNC leisure services and classes, encouraging them to start becoming more adventurous and comfortable with their participation choices until sport and physical activity are a part of their weekly lives.

#### ◆ **Developing services to help support some of our most vulnerable residents and communities who suffer long term conditions, to help maintain independence**

Keeping active and undertaking activities such as Tai Chi and postural stability instruction are known to reduce falls, prevent social isolation. Whilst we enable the general population to become more active it is necessary we support particular issues and long-term conditions with specific products and services relevant to the South Norfolk population such as obesity, dementia and supporting our older population to live independently, which can complement other SNC and wider partner services.

### ◆ Engagement with partners to deliver health and wellbeing initiatives

We will work with partners to meet our shared outcomes through our leisure offer. Increasing physical activity in the community is a shared outcome for partners such as public health, South Norfolk CCG and Adult Social Care and therefore partnership working will support the SNC agenda. Activities will include;

- Identifying and supporting patients who are inactive and overweight or obese into physical activity through social prescribing
- Reducing falls prevention through marketing and targeting vulnerable residents to attend relevant and tailored activities both in our leisure centres and in the community
- Supporting residents with low level dementia/mental health issues/social isolation to interact with their communities through activity
- Supporting residents who are unemployed/NEET to engage in activities to improve their holistic wellbeing and opportunities for future employment

*The link between physical activity and depression is well established. Research has found that people who are inactive have three times the rate of moderate to severe depression as active people (Weyerer et al 2002).*

## Economic Growth, Productivity and Prosperity

Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities.



### Over the next 3 years we will:

- Review all suppliers and renegotiate/re-tender where appropriate to obtain best value.
- Identify opportunities to avoid membership saturation either through widening marketing opportunities once the local market is saturated or removing barriers due to infrastructure (i.e. car parking) via partnership working and re-design of existing premises.
- Ensure leisure opportunities are reflective of housing growth and business development by utilising all community options.

### ◆ SNC to generate an operational profit to contribute to wider SNC priorities

The benefits of taking part in physical activity are well documented. However, for SNC to be able to continue to provide a high-quality leisure offer to residents, and to support those who are vulnerable and in greatest need, we need to identify resource to enable us to do this. As a council SNC own and manage three leisure facilities in Wymondham, Diss and Long Stratton. These facilities allow the active population to attend high quality leisure services in their district, and as a council enables greater investment to support vulnerable residents.

THE PLACES WHERE PEOPLE PLAY SPORT  
HAVE A BIG IMPACT ON THEIR EXPERIENCE  
AND THE LIKELIHOOD THEY WILL COME  
BACK REGULARLY

SPORT ENGLAND: TOWARDS AN ACTIVE NATION  
STRATEGY 2016-2021



**Over the next 3 years we will:**

- **Develop and make sustainable satellite operations e.g. High Schools in the District, Ketts Park in line with our financial principles.**
- **Work with schools, town and parish councils and other partners across the district to maximise utilisation, access and profitability of existing community assets, where it meets our strategic objectives.**
- **Work with regional and national partners to develop opportunities for South Norfolk residents to access national and regional sporting events i.e. UEA Sportspark.**

◆ **Ensuring a leisure service which is appropriate to and can be accessed by all sections of the community**

Equitable access to leisure activities across South Norfolk is led by key drivers such as;

- Convenience culture – A premium is now placed on convenience, fuelled by increasing pressures of time. Given the rural nature of South Norfolk travel time to facilities is a major factor. As a means of conserving time, people increasingly choose the most convenient option to them
- Social inclusion – under representation of parts of our communities such as BME and older residents in leisure centres particularly
- Increased availability of information – residents know what access is available to other communities and want this in their area
- Reconfiguring age – an ageing population becoming more diverse and increasingly less inclined to be stereotyped
- Wellbeing – a heightened interest in quality of life, including health, physical activity and connecting with nature

◆ **SNC will work with partners to aim to ensure that there is a Leisure offer appropriate proportionate to communities across SNC, to help as many of our population become active. In doing this, our order of priority of preference will be:**

- a. Steer the community towards existing provisions and work with partners to make sure they are accessible.**
- b. Develop capacity in the community sector to help establish self-sustaining leisure solutions.**
- c. Where there is a gap in the market, look at options to provide.**

Whilst the refurbishment of our centres has made a demonstrable impact on the use of leisure services, it is important that SNC continues to look for opportunities to provide more holistic services to our communities. Recent examples such as our running of the Hethersett Academy sports hall has demonstrated the commercial and community benefits of both partnership working and developing more community based services offers run from our leisure centre teams (a 'Hub and Spoke' model) However, an array of opportunities to generate a more holistic leisure offer to the community.

The development of satellite operations e.g. High Schools in the District, Ketts Park are vital to the growth of WLC as business opportunities are released to new clientele and groups and the additional benefit of profit generating businesses and taking WLC to new heights of profitability all assist supplementing the loss at DLC and the Service overheads with corporate re-charges to bring the Service to an overall surplus to re-invest in SNC's contribution to the community.



- ◆ **We will work with partners to ensure that a leisure offer is a consideration of any major development or population growth in the district.**

As South Norfolk continues to experience housing development and growth it is important that we ensure that there is a satisfactory and accessible leisure offer which our residents can take advantage of, and as the makeup of our communities evolves we must ensure that the existing service we offer best reflect community need.

- ◆ **Continual improvement of health and safety protection for all staff and residents both within the leisure centres and the community to ensure we meet legal compliance to support strategic and operational management of activities.**

Participation in leisure activities should be an enjoyable experience and the nature of these activities can come with an element of risk. Identifying a genuine risk and putting mitigating actions in place to in order that residents can enjoy activities is what SNC will aim to achieve. Maintaining health & safety and complying with relevant legislation within our leisure centres and where possible in the community will be one of our primary objectives.

## STRATEGIC SUMMARY

### SNC PRIORITIES & LEISURE

#### Health, Well-being and Early Help

Proactively working with communities to provide help at the earliest opportunity and enhancing the health and well-being of our residents.



- ◆ Targeting services to support key areas of the district and communities who suffer from the ill effects of an unhealthy and inactive lifestyle
- ◆ Developing services to help support some of our most vulnerable residents and communities who suffer long term conditions, to help maintain independence
- ◆ Engagement and collaboration with partners to deliver health and wellbeing initiatives

#### Economic Growth, Productivity and Prosperity

Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities.



- ◆ Generating an operational return to SNC from 18/19 to contribute to wider SNC priorities

#### Place, Communities and Environment

Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages.



- ◆ Ensuring a leisure service which is appropriate to and can be accessed by all sections of the community
- ◆ SNC will work with partners to aim to ensure that there is a Leisure offer appropriate proportionate to communities across SNC, to help as many of our population become active. In doing this, our order of priority of preference will be:
  - a. Steer the community towards existing provisions and work with partners to make sure they is accessible.
  - b. Develop capacity in the community sector to help establish self-sustaining leisure solutions.
  - c. Where there is a gap in the market, look at options to provide.
- ◆ We will work with partners to ensure that a leisure offer is a consideration of any major development or population growth in the district.
- ◆ Continual improvement of health and safety protection for all staff and residents both within the leisure centres and the community to ensure we meet legal compliance to support strategic and operational management of activities.

## **SUMMARY**

Creating and developing a commercially viable leisure service will allow South Norfolk to support our most vulnerable residents whether that is financially, geographically or due to inactivity.

In order to realise the full potential of leisure services both commercially and with a view to improve the health and wellbeing of South Norfolk residents SNC will take full advantage of the new opportunities for partnership working through the Health and Wellbeing Board and working with partners to co-ordinate and align services and resources. As well as embedding partnership working with South Norfolk Clinical Commissioning Group, Active Norfolk, Public Health England, the voluntary sector and the County Council amongst others.