

Corporate Select Committee

Date: **Monday 12 July 2021**
Time: **2pm**
Venue: **Council Chamber, County Hall, Martineau Lane,
Norwich NR1 2UD**

Membership:

Cllr E Colman (Chair)
Cllr A Birmingham
Cllr S Blundell
Cllr S Clancy
Cllr N Daubney
Cllr B Duffin
Cllr L Hemsall

Cllr J James
Cllr T Jermy
Cllr K Mason Billig (Vice-Chair)
Cllr B Price
Cllr V Thomson
Cllr K Vincent

Advice for members of the public:

This meeting will be held in public and in person.

It will be live streamed on YouTube and, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:

<https://youtu.be/HqEtRI5gakc>

However, if you wish to attend in person it would be most helpful if, on this occasion, you could indicate in advance that it is your intention to do so. This can be done by emailing committees@norfolk.gov.uk where we will ask you to provide your name, address and details of how we can contact you (in the event of a Covid-19 outbreak). Please note that public seating will be limited.

Councillors and Officers attending the meeting will be taking a lateral flow test in advance. They will also be required to wear face masks when they are moving around the room but may remove them once seated. We would like to request that anyone attending the meeting does the same to help make the event safe for all those attending. Information about symptom-free testing is available [here](#).

A g e n d a

1. To receive apologies and details of any substitute members attending

2. Minutes

To receive the minutes of the previous meeting held on 15 March 2021

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3. Members to Declare any Interests

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
 - Exercising functions of a public nature.
 - Directed to charitable purposes; or
 - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. To receive any items of business which the Chairman decides should be considered as a matter of urgency

5. Public Question Time

Fifteen minutes for questions from members of the public of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm Wednesday 7 July 2021**. For guidance on submitting a public question, view the Constitution at www.norfolk.gov.uk/what-we-do-and-how-we-

6. Local Member Issues/Questions

Fifteen minutes for local member to raise issues of concern of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Wednesday 7 July 2021**.

7. 2021 Staff Survey ‘Our Voice Our Council’: Summary Report and Next Steps **Page 9**

Report by the Executive Director of Strategy and Transformation

8. Business Transformation (Smarter Working) Programme **Page 17**

Executive Director of Strategy and Transformation

9. Digital Inclusion **Page 28**

Report by the Executive Director of Finance and Commercial Services and Executive Director for Community and Environmental Services

10. Strategic and financial planning 2022-23 **Page 33**

Report by the Executive Director of Finance and Commercial Services

11. Forward Plan **Page 67**

Note by the Executive Director for Strategy & Transformation

Tom McCabe
Head of Paid Service
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 2 July 2021



Corporate Select Committee

Minutes of the Meeting Held on 15 March 2021 at
10 am on Microsoft Teams (virtual meeting)

Present:

Cllr Karen Vincent (Chair)

Cllr Penny Carpenter (Vice-Chair)	Cllr Dan Roper
Cllr Colin Foulger	Cllr Rhodri Oliver
Cllr Terry Jermy	Cllr Margaret Stone
Cllr Ian Mackie	Cllr Sandra Squire
Cllr Brian Long	Cllr John Ward

Substitute Members Present:

Cllr Steve Morphew for Cllr Chris Jones
Cllr Tony White for Cllr Nigel Dixon

Also Present:

Michelle Carter	Head of Customer Service and Development
Geoff Connell	Director of IMT & Chief Digital Officer
Margaret Dewsbury	Cabinet Member for Communities and Partnerships
Helen Edwards	Director of Governance
Tom FitzPatrick	Cabinet Member for Innovation, Transformation and Performance
Simon George	Executive Director of Finance and Commercial Services
Ceri Sumner	Director, Community, Information and Learning

1 Apologies for Absence

- 1.1 Apologies for absence were received from Cllr Nigel Dixon (Cllr Tony White substituting) and Cllr Chris Jones (Cllr Steve Morphew substituting).

2 Minutes

- 2.1 The minutes of the meeting held on 25 January 2021 were agreed as an accurate record.
- 2.2 The Chair updated the Committee that the customer strategy workshop held in January 2021 had informed agenda item 7, "NCC Customer Experience Strategy 2021 to 2026". An informal briefing session for Members of the Committee had been held on 1 March 2021 by the Director of Governance on the County Council Constitution related to agenda item 8, "Proposed Amendments to the Council Constitution".

3 Declarations of Interest

- 3.1 No interests were declared.

4 Items of Urgent Business

- 4.1 There were no items of urgent business discussed.

5. Public Question Time

- 5.1 No public questions were received.

6. Local Member Issues/Questions

- 6.1 No local Member questions were received.

7. NCC Customer Experience Strategy 2021 to 2026

- 7.1.1 The Committee received the report setting out Norfolk County Council's (NCC) Customer Experience Strategy developed to reflect and support delivery of the council's overarching priorities and target outcomes outlined in 'Together for Norfolk', Norfolk County Council's business plan for 2019-2025.
- 7.1.2 Cllr Margaret Dewsbury, Cabinet Member for Communities and Partnerships, introduced the report to the Committee:
- The strategy had been devised to ensure customer service met the expectations of local people, with the use of technology helping services to be available at any time while recognising that some people would prefer or need to visit sites or call or write to have information sent to them.
 - The strategy had been developed from the information gathered from two customer surveys and was focussed on ensuring a customer centric approach to delivering services.
 - The strategy was designed to be easy to deliver and read and to be as easy as possible for people to seek help.
 - An impact assessment had been carried out as part of development of the strategy.
 - The service was at the forefront of the pandemic approach and Cllr Dewsbury thanked the service and all other services who had helped people during the pandemic.
- 7.1.3 The Head of Customer Service and Development gave a brief overview of the report to the Committee:
- The Head of Customer Service and Development thanked committee members for their input at the workshop in January 2021 which had been valuable in shaping the final strategy proposal.
 - The key areas of focus included continued, but not exclusive, focus on

growth of the digital channel.

- Over the past 12 months there had been an emphasis on joined up working across the system and early help services to help support vulnerable people with low level needs, and there was an ambition to continue to build on this.

7.2

The following points were discussed and noted:

- It was noted that the armed forces covenant was not mentioned in the charter. The Head of Customer Service and Development clarified that the charter was a general statement of standards across all services. It did not specify customer cohorts as doing so could make the charter long and cumbersome. There was a separate service in place for people in the armed forces to contact.
- Officers confirmed the survey of 300 customers referenced in the report was of customers who had contacted the council by phone and was conducted over the phone, not online.
- Officers were asked what had been done to support digitally excluded people who had been unable to access forms and information at sites which had been closed during the pandemic. The approach within the strategy of “digital by design and not by default” was noted as important. The Head of Customer Service and Development confirmed that officers provided paper copies of forms to people who needed them while sites had been closed.
- A Member discussed that the Norfolk County Council website was hard to navigate for residents with disabilities and learning disabilities and asked if there were plans to make this more accessible. the Director, Community, Information and Learning, replied that during the pandemic easy read versions of documents had been made available where possible. The web team were working more closely with the equality and diversity team and tested the website for accessibility which now met the accessibility standards. This work would continue.
- It was noted that some people chose not to engage into digital and telephone communication, and this should be taken into consideration. The Head of Customer Service and Development confirmed that the approach being taken was to provide a multi-access model, recognising that some people did not have access to or chose not to use digital communication.
- The Chair queried the take up of laptops to children; the Director of IMT & Chief Digital Officer reported that through the “Every Child Online” campaign, 5276 laptops had been provided to children in Norfolk and this met 100% of the requirements from headteachers and the Norfolk Assistance Scheme.
- The NHS were funding initiatives including a video care-phone trial with 200 digitally disadvantaged older people to enable them keep in contact with carers and friends, for example in care homes.
- The digital health hub had been providing people with help to understand digital information around health, as people were now more likely to be expected to have digital conversations with health professionals.
- A Cancer Connect Initiative was being developed, which would involve devices being given to 60 people with cancer and support being provided to them via libraries starting in April 2021 when the library service reopened.
- The work of customer service team now incorporated the test and trace

process; Norfolk's test and trace had been rated as among the top in the country by the Nuffield trust.

- The Chair thanked officers and their teams for all their hard work.

7.3 The Committee:

1. **REVIEWED** and **AGREED** the proposed Customer Experience Strategy, as set out in section 2 of the report.
2. **REVIEWED** and **AGREED** the Customer Charter as set out in Appendix 1 of the report.

8. Proposed Amendments to the Council Constitution

8.1.1 The Committee received the report setting out proposed amendments to Norfolk County Council's Constitution, as set out in paragraph 1.3 of the report, which if agreed would be recommended to Council on 19 April 2021 along with proposed amendments previously agreed by the Committee at its meeting in January 2021.

8.1.2 The Director of Governance introduced the report to the Committee:

- There was a recommendation for the Committee to delegate minor amendments to the constitution to be taken forward in consultation with the Chair and Vice-Chair of the committee.
- The existing code of conduct had been deleted and replaced with the Local Government Association model code of conduct with minor changes, agreed by Standards Committee in January 2021.

8.2 The following points were discussed and noted:

- Members felt that the changes to the constitution were easy to follow.
- The Chair thanked the Director of Governance and team for carrying out the review and for the clear presentation of the changes set out in the report.

8.3 The Committee **RESOLVED**:

1. To **AGREE** the amendments proposed for recommendation to Council on 19 April 2021, as set out in para 1.3 of the report.
2. To **AGREE** that the Director of Governance may make minor amendments for proposal to Council, should the need for any arise after the meeting of this Committee, in consultation with the Chair and Vice Chair of this Committee.

9. Forward Workplan

9.1 The Committee received and reviewed the forward work plan for the period July - November 2021.

9.2 The Chair, recognising there may be new Members after the May 2021 election, requested a training session after May 2021 covering the work of the Committee and the work schedule for the year ahead.

9.3 The Committee **AGREED** the forward workplan.

The meeting concluded at 10.46am

Chair

Corporate Select Committee

Item No 7

Report title:	2021 Staff Survey ‘Our Voice Our Council’: Summary Report and Next Steps
Date of meeting:	12 July 2021
Responsible Cabinet Member:	Cllr Andrew Proctor, Leader
Responsible Director:	Paul Cracknell, Executive Director, Strategy and Transformation Sarah Shirtcliff, Director for People

Introduction

The staff survey ‘Our Voice Our Council’ ran this year from 12th April until 4th May, giving Norfolk County Council the third consecutive year of insight into NCC employees’ perceptions of working as part of the NCC organisation. The survey data gives the senior leadership team a statistically robust insight into areas of strength as an employer and areas for further work and development. The NCC survey data is compared – anonymously - with a bank of responses from 30,000 public sector employees and this gives a helpful context within which to view the NCC picture.

Executive Summary

This report comes substantially earlier than the staff survey report last year (November) and at a point where analysis, engagement, and action planning with colleagues is getting under way. Therefore, this report provides the headline findings from the 2021 survey, together with strategic questions for the committee to consider. It is proposed that a follow-up report be provided later in the year setting out further analysis, engagement and action plans, steered by the strategic conversation today.

The findings from the 2021 survey show the impact of good work undertaken following last year’s survey:

- 4,079 people (55% of employees) completed the survey, up from 46% in 2019 and 31% in 2020 (coinciding with the start of the pandemic)
- Employees’ perception of the ‘Balance of the Employment Deal’ has improved significantly and is now at -14 (up from -18 last year and -19 in 2019). This represents a marked improvement in people’s perception of NCC’s contribution to the employment relationship. The negative score signifies that NCC employees perceive that overall, they contribute more to the working relationship than NCC does. This perception of imbalance is found in every sector (apart from Oil and Gas) and the challenge is not only to increase employee contribution but to offer a correspondingly significant contribution from the employer of support, fairness and valuing people.

Actions required:

1. Corporate Select Committee is asked to consider the key messages from this year's survey and consider the key priorities of focus for continued improvement and future focus
2. Corporate Select Committee is asked to consider how Members can support the performance, engagement and wellbeing of colleagues



1. Survey Background

Norfolk County Council's third annual staff engagement survey, which looks at employees' perceptions about working at NCC, took place between 12th April and 4th May this year.

4,079 employees completed the survey, a 55% completion which is up from 46% in 2019 and 31% in 2020. This meant we had sufficient participation to create statistically robust results in every one of our 46 service areas, an improvement from 43 last year.

The survey measures the employment 'deal' between Norfolk County Council and its employees, looking at individuals' perceptions of what they contribute and what they get back, and how balanced they think the relationship is. The survey also looks at the quality of conversations that take place, the personality of the organisation, and the 'key drivers' that make people feel more or less engaged.

The results are categorised using a red, amber green (RAG) system:

Key		
	Good score / outcome to be celebrated. (75+)	
		Moderate score / outcome. Capable of improvement. (51 - 74)
		
		Relatively poor score / outcome. A clear signal to take steps to improve. (50 or less)

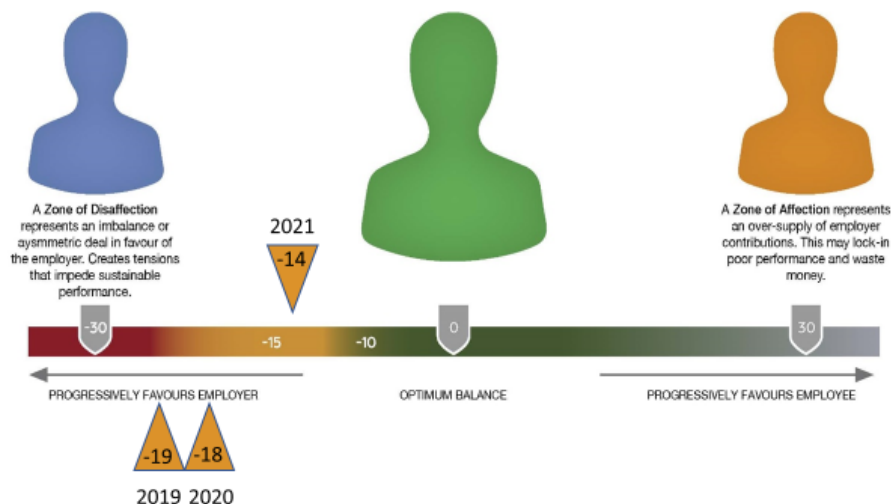
2. Survey Findings

A report outlining the overall NCC-wide results has been shared with Corporate Board and a summary of key messages communicated to all staff, supported by a vlog featuring the Head of Paid Service and the Director for People. NCC-wide themes have been shared with the Senior Leadership Team, with Unison senior stewards, and with the HR Lead Team. Directorate-level reports have been shared with Directorate Management Teams and directorate-level priorities have been agreed. At the time of this report a more granular set of data is being shared with service leads and team discussions are being planned. In addition, themed reports are being provided to inform pan-NCC work on equalities, diversity & inclusion, health safety & wellbeing, learning and development, and smarter working.

Overall, employees have told us that (see slides for detail and illustration):

- a. Their perception of the balance of 'the deal' has improved from -19 in 2019 and -18 in 2020 to -14 this year (see above and slide 'the balance of the deal for Norfolk County Council')
- b. Conversational practice has improved, meaning that people feel they have better conversations about ideas and solutions, and how to turn those ideas into practical actions.
- c. Workplace tensions have reduced from 67 to 59
- d. The practice of Smarter Working has increased
- e. Overall satisfaction has increased from 63 in 2019 to 66 in 2021
- f. There is an overall improvement in 'key drivers' of engagement compared with 2019, with some slight worsening compared with immediately post-lockdown in 2020
- g. NCC's top 'personality' dispositions are 'capable' and 'trustworthy'
- h. And some less positive perceptions when we apply a demographic 'lens' – this requires more analysis and understanding

The Balance of the Deal for Norfolk County Council



Conversational Practice at Norfolk County Council

Conversational Practice: All metrics have improved overall (comparing 2021 with 2019) with workplace tensions the most notable – the score decreasing by 8 points.



*Reverse logic – i.e. lower score is a better outcome

Smarter Working at Norfolk County Council

Smarter Working: Improvement in all metrics when comparing 2021 to 2019 – most significantly in relation to the manager practicing Smarter Working.

Table 7: Smarter Working Questions Time Comparison	2021	After March 18th 2020	Before March 18th 2020
My manager practises Smarter Working	80	74	70
I am making Smarter Working work well for me and my customers	77	73	68
I know how to access resources to support me with Smarter Working	73	70	68
My manager encourages me and my colleagues to be flexible about when and where we work and to use space and technology creatively	77	74	69
Although NCC advocates Smarter Working, lack of organisational support means it is difficult to do*	47	50	54

*Reverse logic – i.e. lower score is a better outcome

The Balance of the Deal for Norfolk County Council

The Balance of the Deal: Significant improvement in Perceived Organisational Support and Balance of the Deal since 2019. Increase in all other metrics except job engagement which remained the same across all three years.

Table 2: The Balance of the Deal compared by Directorate	Psychological Contract	Perceived Organisational Support	Employer Contribution	Job Engagement	Capability	Organisational Engagement	Employee Contribution	Balance of the Deal 2021	Balance of the Deal 2020	Balance of the Deal 2019	Satisfaction	Number of Respondents
▲												
All Norfolk 2021	68	64	66	83	81	78	80	-14			66	4079
All Norfolk 2020	64	60	62	83	80	76	80		-18		64	2237
All Norfolk 2019	64	56	60	83	80	74	79			-19	63	3119

Employees have told us about what's most important for their engagement and this is summarised in the following table, showing an improvement in all five of the 'key drivers'.

Key Drivers at Norfolk County Council

Key Driver Analysis: Overall improvement in all metrics when comparing 2021 to 2019. It is noted that exceptional results, which go against the trend, were reported for Job Pressure, Inspiration of NCC Directors and Overall Satisfaction for the period immediately after 18th March 2020.

Key Driver	2021 Overall	After March 18th 2020	Before March 18th 2020	2019 Overall
▲				
1. My manager recognises that speaking openly about work related issues provides an opportunity to improve things	79	78	74	77
2. There is a clear link between my Performance Development Discussion and my team's goals	70	69	65	68
3. NCC's Directors and Heads of Service inspire me to use my own initiative	57	58	49	51
4. Overall, I am satisfied with the employment deal (what I receive and what I am expected to give in return) provided by NCC	66	69	61	63
5. I often experience excessive pressure in my role*	66	63	66	69

*Reverse logic question – i.e. lower score is a better outcome

Organisational Personality at Norfolk County Council

Organisational Personality: In 2021 the top dispositions were *Capable* and *Trustworthy*. There has been an overall improvement in all personality 'dispositions' when comparing 2021 to 2019.

Year	Conversational (e.g. Respectful, Good listener)	Innovative (e.g. Inspiring, Exciting)	Capable (e.g. Competent, Resilient)	Trustworthy (e.g. Honest, Reliable)	Supportive (e.g. Compassionate, Appreciative)	Directive (e.g. Authoritarian, Controlling)*	Developmental (e.g. Coaches, Learning)
2021	65	59	67	67	66	53	62
After 18th March 2020	63	59	68	68	67	54	60
Before 18th March 2020	58	53	61	62	60	57	54
2019	57	53	60	62	60	60	55

Note: Our research reveals a strong negative correlation between 'Directive' and the 'Innovative' and 'Developmental' dispositions. As such, a lower Directive score supports higher scores for Innovative and Developmental.

*Reverse logic – i.e. a lower score is a better outcome

Workforce Demographics at Norfolk County Council

- Some colleagues with protected characteristics are reporting a less favourable experience (see red circles)
- This needs to be explored further

Norfolk Demographics

The table below outlines the index scores associated with various elements of the Balance of the Deal across different demographics at Norfolk County Council. Please note that data is not reported when there are less than 10 respondents for that specific demographic.

Table 10: The Balance of the Deal compared by Demographic	Psychological Contract	Perceived Organisational Support	Employer Contribution	Job Engagement	Capability	Organisational Engagement	Employee Contribution	Balance of the Deal 2021	Balance of the Deal 2020	Balance of the Deal 2019	Satisfaction	Number of Respondents
24 and below	71	66	69	78	79	75	77	-8	-12	-16	71	152
25-34	69	65	67	81	80	77	79	-12	-15	-18	69	643
35-44	69	64	66	83	81	78	80	-14	-18	-19	66	881
45-54	68	65	67	85	81	79	81	-14	-18	-19	65	1225
55 and over	68	64	66	84	81	79	81	-15	-18	-19	65	1036
Full-time	69	65	67	84	81	78	81	-14	-18	-19	67	2895
Part-time	68	64	66	82	80	77	80	-14	-16	-19	66	1070
Female	69	66	67	84	81	79	81	-14	-18	-19	68	2644
Male	68	63	66	82	80	77	79	-13	-17	-18	65	1210
Non-binary	69	64	66	79	82	78	80	-14	-17	-20	72	15
Other (Gender)	53	52	52	80	70	69	73	-21	-25	-24	50	56
Senior Leadership Team of all directorates	78	76	78	91	91	86	90	-12	-14		76	67
Manager	72	67	70	86	84	81	84	-14	-17	-19	69	948
Non manager	67	63	65	82	80	77	79	-14	-17	-20	65	2925
Disabled	63	62	62	82	77	76	78	-16	-20	-21	61	264
Non-Disabled	69	65	67	83	81	78	81	-14	-17	-19	67	3678
Asian/Asian British	73	76	74	86	82	86	85	-11			78	23
Black/Black British	69	69	69	88	87	84	86	-17			63	32
European	66	65	66	85	83	80	82	-16	-18		67	64
Mixed Race	69	62	66	81	80	74	79	-13	-23		62	34
White	69	65	67	83	81	78	81	-14	-17		67	3677
British/Irish/Other	59	57	58	82	75	73	77	-19	-23		55	87



(75+)
Good score / outcome
to be celebrated.



(51-74)
Moderate score / outcome.
Capable of improvement.



(50 or less)
Relatively poor score / outcome.
Clear sign to take steps to improve.

3. Next Steps: Analysis, Engagement and Action Planning

Through the summer directorates and services will continue with their analysis, engagement and action planning activities, with Strategic HR Business Partners acting as the custodians of the survey data for their directorate and supporting their leaders to create appropriate action plans. Slide packs outlining findings will be provided to each of the 46 services so that rich discussions with staff can take place.

Themed reports will be used to inform and prioritise actions in learning and development, especially manager development, smarter working, health, safety & well-being, and equalities, diversity & inclusion.

A report summarising the resulting action plan will be provided to Corporate Board in the autumn and it is suggested that this report is also provided to the Corporate Select Committee. A further review by Corporate Board in February 2022 will inform the 2022 staff survey.

4. Financial Implications

None – the survey was completed within previously agreed budgets.

5. Resource Implications (staff, IT, property)

None

6. Other Implications

a. Legal Implications

Survey data was collated and analysed by Kinetiq. No individual employee can be identified. No data is reported on where there are fewer than 10 responders in a group. All employees can see the privacy notice as part of the survey.

b. Human Rights Implications

None

c. Equality Impact Assessment (this must be included)

The survey provides demographic data on age, part time / full time working, gender, disability and ethnicity.

d. Health and Safety Implications

The overall NCC and directorate reports are used by the Head of Health, Safety and Wellbeing as one source of evidence to inform work planning.

7. Sustainability Implications

The surveys were completed via email and no paper surveys were used.

8. Any other Implications

None

9. Action Required

- a. Corporate Select Committee is asked to consider the key messages from this year's survey and the proposed next steps.
- b. Corporate Select Committee is asked to consider how Members can support the performance, engagement and wellbeing of colleagues

10. Background Papers

None

Officer Contact

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

Officer name: Kate Coplestone **Tel No:** 07546 598339

Email address: Kate.coplestones@norfolk.gov.uk



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

Corporate Select Committee

Item No. 8

Report title:	Business Transformation (Smarter Working) Programme
Date of meeting:	12 July 2021
Responsible Cabinet Member:	Cllr Fitzpatrick (Cabinet Member for Innovation, Transformation and Performance)
Responsible Director:	Sam Pittam-Smith, Director of Transformation

Introduction from Cabinet Member

The Smarter Working Programme was established following the adoption of the 2020-2024 Medium-Term Financial Strategy. A savings target was set to achieve through implementing more business-like Smarter Working; utilising physical space and technology to maximise flexibility for customers and staff whilst effectively delivering good outcomes.

Executive Summary

A report was presented to the Corporate Select Committee in January 2021. At that stage, the County Council and wider Norfolk Resilience Forum had reverted to response mode due to the continuation of the COVID-19 pandemic and a rise in cases.

This was following an announcement on 4th January 2021, of a UK wide lockdown. Restrictions have lasted well into the Spring and, at the time of writing, stage 4 of the lockdown exit roadmap has been pushed back until 19th July 2021.

A report was due to be presented at the May 2021 Corporate Select Committee, however this was delayed due to the local elections. This report describes the current status of our Smarter Working Programme and the key areas of focus for the next 4 months.

Select Committee will receive a detailed presentation at the meeting.

Actions required

The Select Committee are asked to:

- 1. Recommend ways in which the Smarter Working Programme can maintain its focus despite the ongoing uncertainty created by the COVID-19 pandemic.**
- 2. Acknowledge the savings achieved in the 2020/21 financial year and suggest any further non-financial benefits of the Smarter Working Programme.**
- 3. Review the proposed approach to be taken by the Smarter Working Programme over the next 4 months and propose suggestions for improvement or additional focus.**

- 4. Agree that a further report be made to Select Committee, with an updated plan that takes our transformation forward during normalisation and recovery, in November 2021 (assuming we do not have to re-enter the response phase).**

1. Background and Purpose

1.1. Background

A report was presented to the Corporate Select Committee in January 2021. At that stage, the County Council and wider Norfolk Resilience Forum had reverted to response mode due to the continuation of the COVID-19 pandemic and a rise in cases.

This was following an announcement on 4th January 2021, of a UK wide lockdown. Restrictions have lasted well into the Spring and, at the time of writing, stage 4 of the lockdown exit roadmap has been pushed back until 19th July 2021.

A report was due to be presented at the May 2021 Corporate Select Committee, however this was delayed due to the local elections. This report describes the current status of our Smarter Working Programme and the key areas of focus for the next 4 months.

1.2. Purpose

The purpose of this report to the Corporate Select Committee is to:

- provide an update on the current status of our Smarter Working Programme, including savings enabled during the 2020/21 financial year
- outline the proposed approach for the required work to sustain and embed changes enabled by the Smarter Working Programme to deliver the identified savings and non-financial benefits, whilst managing the uncertainty created by the on-going pandemic.

2. Progress

2.1 COVID-19 Pandemic Response Impact to Smarter Working

Our response to the COVID-19 pandemic has led to profound changes in the way a large proportion of colleagues in the County Council work and the way services are delivered. During the brief period in the normalisation phase, the programme was reviewed, and some activities resumed. However, the return to the response phase meant some of those activities had to be paused again.

Now that we have returned to normalisation we are looking to build momentum in sustaining and strengthening the new ways of working. However, the ongoing pandemic situation is limiting our ability to test new ways of working whilst restrictions and uncertainty remain.

The Council is still moving forward with planning and setting up pilot activities in Children's Services to test and learn new ways of working supported by different combinations of digital technology and accommodation.

The test and learn approach to our new ways of working is based on international good practice. One of the test and learn approaches we use is piloting. *"The use of the pilot study can significantly reduce the risks associated with adopting novel or 'new to organisation' approaches to projects. It also enables organisations to get a firmer idea of the costs and benefits of a project before committing."* The Association of Project Management, (the chartered body for the project profession)¹.

An excellent example of the use of pilots is the Events Research Programme. The programme aims *"to examine the risk of transmission of Covid-19 from attendance at events and explore ways to enable people to attend a range of events safely."*²

The programme is running a number of pilots to test how a combination of testing and non-pharmaceutical interventions can inform decisions on safely lifting COVID-19 restrictions, such as social distancing, at events, including sports and cultural events. The reason for pilots is to allow the testing and comparison of approaches whilst managing risk. For this example, it's managing the risk of transmission. (To see the findings from phase 1 see the link below³).

For Smarter Working we're using a test and learn approach to manage the risk of unnecessary expenditure and introducing ways of working that don't deliver the outcomes we expect.

The 2021 Staff Survey (which has summary insight in section 2.3)) has provided additional input to the Programme - to ensure colleagues know how to access resources to support them with Smarter Working. Therefore, it is important for us to ensure the right resources, or arrangements, are in place to help staff with Smarter Working and then make sure they know how to access them.

2.2 2020/21 Financial Year Savings

The Finance Monitoring Report 2020-21 Outturn report to June Cabinet reported full delivery of the Business Transformation savings built into the 2020-21 budget.

Although the required level of savings for 2020-21 were met, they were not all delivered through the original plans and activities of the Smarter Working Programme and instead in some cases were achieved through alternative methods following the impact of the COVID-19 pandemic.

New ways of working during the COVID-19 pandemic facilitated the acceleration in delivery of some aspects of the Smarter Working Programme:

- Facilitation of increased remote working has led to a significant reduction in travel for many colleagues with mileage budgets delivering an underspend of £2.373m in 2020-21

¹ [What is the difference between a trial and a pilot? | APM](#)

² [Information on the Events Research Programme - GOV.UK \(www.gov.uk\)](#)

³ [Events Research Programme: Phase I findings - GOV.UK \(www.gov.uk\)](#)

- Work continues at pace to realise savings in digitising print, post and scan, with accelerated implementation of inbound and outbound digital post and digital signatures. Across the County Council, digital is now becoming the records management standard. Postage budgets delivered an underspend of £0.143m in 2020-21
- A significant portion of staff working from home and no longer printing as a matter of course, as well as more targeted initiatives that are reducing the need to print documents, allowed printing budgets to deliver an underspend of £0.365m in 2020-21

Any opportunities for recurring savings from reduced expenditure in 2020-21 were captured in departmental savings as part of the 2021-22 budget setting process.

2.3 Smarter Working and our Workforce

Since March 2021 Smarter Working for our colleagues was tested dramatically with new measures introduced to work at home for many which was supported by a range of tools, training and policies and support reshaped to reflect a world of homeworking rather than an office base.

We have measured our success as summarised below in our staff survey over the last 2 years which is evidencing statistically significant improvements across all questions.

Smarter Working

Smarter Working means being more flexible about when and where we work, and how we creatively use space and technology to find new and more effective ways of doing things in a modern and business-like way. The table below shows the different scores across the Smarter Working questions and the speech bubbles contain free text comments from the survey question 'Is there anything else NCC can do to enable you in Smarter Working?'.

Table 7: Smarter Working Questions Time Comparison	2021	After March 18th 2020	Before March 18th 2020
My manager practises Smarter Working	80	74	70
I am making Smarter Working work well for me and my customers	77	73	68
I know how to access resources to support me with Smarter Working	73	70	68
My manager encourages me and my colleagues to be flexible about when and where we work and to use space and technology creatively	77	74	69
Although NCC advocates Smarter Working, lack of organisational support means it is difficult to do*	47	50	54



(75+)

Good score / outcome
to be celebrated.



(51-74)

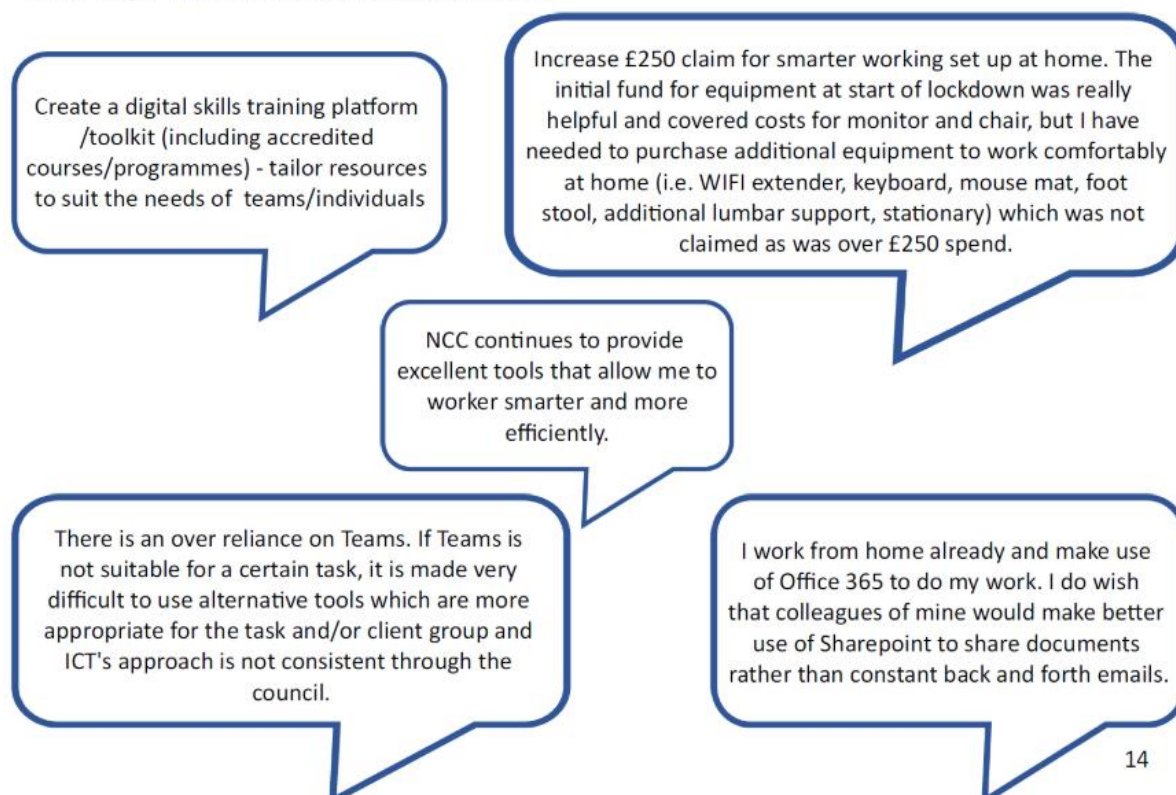
Moderate score / outcome.
Capable of improvement.



(50 or less)

Relatively poor score / outcome A
clear sign to take steps to improve.

*Reverse logic - i.e. a lower score is a better outcome



Our work has turned to shaping what underpinning arrangements need to be put in place to support and to “formalise” a new way of working which we call the Employment Deal.

The Employment Deal as we reflect in our Staff Survey is a range of promises and commitments between employee and employer and creates the psychological contract which ensures an effective relationship between both parties in service of performance and contribution.

It is a new deal that we can underpin in our employee value proposition which is how we describe to prospective employees what it will mean to be an employee of NCC and can support our recruitment campaigns recruiting for hard to fill roles which can be undertaken remotely.

Feedback from colleagues indicates strong support to adopt a more flexible and “hybrid” set of working arrangements to deliver the requirements of the role effectively and which supports an individual’s personal preferences. This now requires some changes to how we describe working arrangements including office base or location and type of worker to help inform rights to expenses and other requirements for the role. It also sets an expectation in agreement with colleagues that there is not an expectation or need to be in the office each day which supports our property strategy and footprint plans.

We have set out a number of principles to guide our work:

- ✓ Focus on outcomes rather than presence
- ✓ People manage where, when and how they work where we can support this ensuring equity and fairness
- ✓ Being a flexible employer does not incur additional cost to the County Council
- ✓ Admin bases and work locations are allocated according to business needs
- ✓ We seek to amend contracts by voluntary agreement wherever possible (base/working arrangements)
- ✓ Our leaders and managers champion and role-model smarter working behaviours

We have engaged with Executive Directors, our Senior Leadership Team and Unions to create a programme of work taking us to September and until 2022.

Further areas of development through to September include:

- Defining and agreeing worker types for expense purposes
- Creation of a new Smarter working policy – including revised flex policy
- Development of a Smarter Working Charter to enable consistent organisational behaviour change so that we can realise productivity gains
- Home working equipment policy (linked to existing HR policies including Health and Safety)

- Reviewing findings of staff survey across NCC to assess any areas requiring attention and change management support
- Engage on solutions (in partnership with property colleagues) to resolve County Hall car parking challenges. This will be followed by other localities as required)
- Creation of a Manager's toolkit to bring together all of our tools in supporting managing remotely
- Launching a Digital Skills Assessment questionnaire which will be linked to our Digital skills offer and continually developed along with other SW learning and development offers
- Development of our offer to support Leading Change

We will continue to monitor the effectiveness of this change through the staff survey, and other people metrics including recruitment, retention, absence.

2.4 Carbon Impacts of the Pandemic and Smarter Working

We estimate a drop in our overall carbon footprint – for example an estimated 44% reduction associated with organisational travel compared to 19/20. (The final figures will be confirmed in the NCC Carbon Footprint report to the Members group on Carbon Matters available later in the year).

We are seeing a sustained reduction in mileage to about 50% of pre-pandemic levels which is evidence that the new ways of working enabled by Smarter Working are started to embed across the organisation.

As part of the current phase of activity, we are continuing to work with colleagues to identify where the current ways of working are Smarter Working and how they can be sustained post-COVID-19.

In addition, we are actively encouraging, and supporting, services switching from petrol to electric vehicles (EVs) by installing an initial four EV charging points at County Hall. More are planned across the County over the next couple of years.

2.5 Other Identified Non-Financial Benefits

As well as financial savings there are other non-cashable benefits to the organisation that have been identified so far:

- A happier & healthier workforce
- Increased positive perception of the Council as a modern employer (improving attraction and retention)
- Time savings / productivity gains that are re-invested rather than cashed
- Improvements to quality
- Greater alignment to the needs of service users
- Strengthened compliance with regulations
- Reduced CO2 emissions

3. Proposal

- 3.1. The focus of the next 4 months will be to sustain and embed the positive organisational changes resulting from the impacts of the COVID-19 pandemic by continuing to accelerate delivery, while working to mitigate identified issues and risks.

We are working across the services and corporate support departments to deliver smarter ways of working and plans to deliver enablers and benefits.

To ensure that staff have the right resources or arrangements to support them in Smarter Working, the proposed method is to work collaboratively with services to:

- Create implementation plans that tie coherently across support departments and services in order to facilitate delivery of planned 2021-22 savings, and support identification of further savings for 2022-23 and beyond in line with the budget setting process set out in the report to July 2021 Cabinet appended to the Strategic and Financial planning report elsewhere on the agenda for this Committee.
- Develop new ways of working through a “test and learn” approach to identify and prove further improvement opportunities to build into implementation plans.
- Maximise the potential of the improvement opportunities identified.
- Scale-up and roll-out proven improvement opportunities to other parts of or the whole organisation.
- Track the realisation of benefits identified by the changes being made so we know we are making a positive difference in achieving the desired outcomes.

A “test and learn” approach means that potential changes are tested in a controlled way to ensure:

- they meet staff needs and requirements in a safe way
- will deliver successful outcomes
- investment in technology is spent wisely
- responsiveness to the uncertainty created by the ongoing pandemic

We’re also keen to ensure our new ways of working keep carbon emissions to a minimum whilst providing services appropriately.

The learning from this work is being shared across the organisation. As this is a novel situation, a “test and learn” approach is a key pillar to our approach to ensure what we learn works for our staff and use our money wisely.

4. Impact of the Proposal

- 4.1. The proposal will:
- help realise and sustain the potential in the opportunities that have arisen from the challenges created by the Covid-19 pandemic response.

- Set out future arrangements which define our working arrangements for colleagues
- enable the delivery of:
 - committed financial savings in line with FY21/22 budget setting.
 - other non-financial benefits to the organisation:
 - A happier & healthier workforce
 - Increased positive perception of the Council as a modern employer (improving attraction and retention)
 - Time savings / productivity gains that are re-invested rather than cashed
 - Quality
 - Service user needs met
 - Strengthened compliance with regulations
 - Reduced CO2 emissions
- result in a further report to be made to Corporate Select Committee in November 2021 with an updated plan and progress report that takes our longer-term Smarter Working Programme forward post-COVID-19.

5. Financial Implications

5.1. 2021-22 Budget Savings

A detailed review of the original Business Transformation savings planned for 2020-21 and 2021-22 identified that adjustments were required to reflect the impact of COVID-19 and maximisation of savings from the Smarter Working Programme. October 2020 Cabinet agreed the replacement of the original centrally held £4.388m Business Transformation 2021-22 savings with detailed service savings proposals in the 2021-22 budget.

Of the £41.179m savings to be delivered in the 2021-22 budget, £9.287m have been identified as relating to the themes of smarter working and potentially requiring support of the programme.

Table 1: Smarter Working Theme Savings 2021-22

Saving Area	2021-22 Saving Amount £m
New Ways of Working – Reductions to staffing budgets	4.320
Rationalisation and relocation of office accommodation	2.732
New Ways of Working – Reductions to travel budgets	0.957
Reviewing NCC traded services	0.496

IMT, Postage, Printing	0.488
New Ways of Working - Other	0.294
	9.287

Responsibility for delivery of 2021-22 saving plans sits with the relevant Department. The Smarter Working Programme Group has a role in coordinating central support that Departments may require and ensuring that best practice and opportunities are shared across the Council. Delivery of 2021-22 budget savings is reported in the regular Financial Monitoring to Cabinet throughout the year.

6. Resource Implications

- 6.1. **Staff, Property, IT:** The resources required to deliver the programme is kept under constant review as circumstances change and new opportunities and initiatives are identified. This includes consideration of invest to save initiatives. There may be a need for additional capital funding to deliver key areas of work identified within the programme, in which case capital bids will be submitted as required.

7. Other Implications

- 7.1. **Legal Implications:** N/A
- 7.2. **Human Rights implications:** N/A
- 7.3. **Equality Impact Assessment (EqIA):** The EqIA implications of the programme take place at the specific project level.

8. Actions required

- 8.1. **The Select Committee are asked to:**
- 1. Recommend ways in which the Smarter Working Programme can maintain its focus despite the ongoing uncertainty created by the COVID-19 pandemic.**
 - 2. Acknowledge the savings achieved in the 2020/21 financial year and suggest any further non-financial benefits of the Smarter Working Programme.**
 - 3. Review the proposed approach to be taken by the Smarter Working Programme over the next 4 months and propose suggestions for improvement or additional focus.**
 - 4. Agree that a further report be made to Select Committee, with an updated plan that takes our transformation forward during normalisation and recovery, in November 2021 (assuming we do not have to re-enter the response phase).**

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Corporate Select Committee

Item No 9.

Decision making report title:	Digital Inclusion
Date of meeting:	12 July 2021
Responsible Cabinet Member:	Cllr Tom Fitzpatrick (Cabinet Member for Innovation, Transformation and Performance) Cllr Margaret Dewsbury (Cabinet Member for Communities and Partnerships)
Responsible Director:	Tom McCabe (Executive Director, Community & Environmental Services) Simon George (Executive Director, Finance & Commercial Services)

Executive Summary

The existing Digital Inclusion Strategy was agreed in 2018 and targeted groups in the Norfolk Population who were at a higher risk of digital exclusion.

Since the strategy was agreed, there have been many areas of improvement in the support available for Norfolk's residents, alongside significant improvements to the underlying infrastructure to provide the connectivity for people to get online.

As we move towards a place where we begin to see past the pandemic, build upon what we have learned and the partnerships developed, it is important that we refresh the existing Digital Inclusion strategy to continue to deliver meaningful action at pace, and on a system wide footing. A refreshed strategy will come to Corporate Select Committee for consideration and input in September 2021, and this paper and accompanying presentation provides an early opportunity to shape the development of the strategy.

Actions required

- 1. To consider the Digital Inclusion Strategy presentation from officers at the meeting which will describe the current situation and work that is underway to refresh the Digital Inclusion Strategy**
- 2. To consider the questions posed in the presentation to help shape the development of the new Digital Inclusion Strategy**

1. Background and Purpose

1.1. Digital exclusion affects all aspects of an individual's life, from poor health outcomes to social isolation, education, employment and financial disadvantage.

The pace of change in terms of digital technology and its role in everyday life has accelerated exponentially over the last 15 months as result of coronavirus and its associated lockdowns. Whilst some people have embraced the change and embarked on a steep learning curve to engage with work and education, for others the transition has not been so easy. Many people have struggled to conduct even basic activities like book supermarket slots for food or conduct virtual consultations with their doctors. As a result, those who are digitally excluded are becoming even more disengaged from everyday life and unable to benefit from the opportunities digital technology brings, and in the worst cases, unable to access basic services to support their everyday needs.

Since the previous strategy, and to meet the rising demand a range of support has been developed to support those residents in Norfolk who are digitally excluded. During the pandemic, teams across NCC, District Councils and the NHS have redoubled their efforts in terms of supporting residents. Some key examples include:

- **Staying healthy: NHS Connect:** NHS funded, **device gifting with library wrap-around** support for patients referred – two projects, one for patients living with cancer and another for those living with mild mental health problems. NHS Accelerated Digital Transformation funding- for **Digital Health Hub**
- Good Things Foundation: **Better Health Outcomes** – continuation of Digital Health Hub work
- Plus Norwich **Good Economy Commission** funding – for families on low-income, improving their money- management online skills for life
- **Libraries Online Shopping** Remote support **on the telephone** – for online shopping during Covid, families learning at home given information and advice on how to use devices, help to use online library services and sign up for activities etc
- **Every Child Online** campaign – with the support of the EDP, Norfolk Community Foundation. Norfolk schools, charities and other partners, we launched the “Every Child Online” campaign. The scheme provided laptops and technical assistance to over 5,500 digitally disadvantaged children and assisted hundreds of Norfolk’s schools to tackle a very wide range of IT issues. The scheme also attracted hundreds of thousands of pounds of donations from Norfolk businesses and charitable organisations.
- **Libraries Education Support** - staff provided additional assistance to families on how to use the devices for online learning.

- **Norfolk Assistance Scheme** supported 500 Norfolk residents in 2020/21 with devices, and Wi-Fi access to help them to look for jobs and access support online
- **Norfolk Adult Learning** increased the number of learners accessing online programmes of learning from 309 in 2018/19 to 6,989 in 2020/21 ensuring Adult learners across the County could continue to learn new skills and re-train despite the pandemic

2. Proposals

- 2.1. Members will receive a presentation at the meeting from the Director IMT & Chief Digital Officer, and the Director for Community Information and Learning to provide context and background to stimulate discussion in shaping the direction of travel for the next iteration of the Digital Inclusion Strategy; the revised strategy will be brought to the Select Committee in September to consider.

Work is currently being carried out to shape the refreshed strategy as follows:

1. Research into clearly identifying who is digitally excluded in Norfolk, where they live and the reasons why they are excluded. This work is being jointly led by NCC & our NHS ICS partners who have commissioned a specialist Digital Inclusion company called mHabitat to help collate the data and provide us with expert advice
2. Mapping of existing support capacity across Norfolk to promote digital inclusion
3. Identification of gaps of support to inform the strategic focus of the refreshed strategy
4. Creation of a delivery plan against the strategy

3. Impact of the Proposal

- 3.1. The impact of the proposal will be a refreshed Digital Inclusion strategy that meets the needs of Norfolk residents, building on research and experience to date.

4. Evidence and Reasons for Decision

- 4.1. The evidence for the wider strategy will be brought to Corporate Select Committee and then Cabinet in September. The evidence for refreshing the current strategy will be used to create a support offer that focuses on the needs of Norfolk residents in a co-ordinated approach across the system.

5. Alternative Options

- 5.1. It could be decided to keep the existing strategy as it is and delay any refresh. The impact of this would be that we would be unable to create a strategy in collaboration with the research taking place with MHabitat and NHS partners. There is also a risk that the pace of change for the strategy refresh would not be in line with the increase in the number of residents suffering from digital exclusion.

6. Financial Implications

- 6.1. Any financial implications arising from the new Strategy will be detailed as part of the paper on the proposed new Strategy in September.

7. Resource Implications

7.1. Staff:

n/a

7.2. Property:

n/a

7.3. IT:

The provision of IT equipment such as laptops, tablets and broadband or 4G devices for internet connectivity will form part of the proposed refreshed strategy. However, the scale of demand and therefore associated costs and sourcing options will not be quantifiable until the September committee report.

8. Other Implications

8.1. Legal Implications

n/a

8.2. Human Rights implications

n/a

8.3. Equality Impact Assessment (EqIA)

An EQIA will be undertaken to review the implications of the next iteration of the Digital Inclusion Strategy. One of the aims of the strategy is to increase digital inclusion and access amongst individuals with protected characteristics and therefore it is anticipated that there will be some positive impacts..

8.4. Health and Safety implications

n/a

8.5. Sustainability implications

Digital technologies, and the ability to access them, can help to reduce carbon footprint. For example, use of digital technology can reduce travel by providing alternative ways to access services.

8.6. Any other implications

n/a

9. Actions required

- 9.1.
1. To consider the Digital Inclusion Strategy presentation from officers at the meeting which will describe the current situation and work that is underway to refresh the Digital Inclusion Strategy
 2. To consider the questions posed in the presentation to help shape the development of the new Digital Inclusion Strategy

10. Background Papers

None

Officer Contact

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Corporate Select Committee

Item No.10

Report title:	Strategic and financial planning 2022-23
Date of meeting:	12 July 2021
Responsible Cabinet Member:	Cllr Andrew Jamieson (Cabinet Member for Finance)
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services

Introduction from Cabinet Member

As set out in the *Strategic and financial planning 2022-23* report to July Cabinet, the Council is now beginning the process of developing financial plans for 2022-23. This is ultimately intended to support the presentation of a robust, deliverable and balanced Budget, which is closely aligned with strategic organisational priorities, to Full Council in February 2022.

The report to Cabinet makes clear that the Council faces a number of significant uncertainties in both the current financial year, and for 2022-23. In particular the scale of the budget gap to be closed remains subject to considerable uncertainty due to:

- a number of issues relating to Government funding which could have a material impact on the level of resources available to the Council to deliver services in the future;
- the level of cost pressures to be addressed in 2022-23 budget planning, including cost pressures as a result of COVID-19;
- levels of income (including council tax and locally retained business rates) that will be achieved in 2022-23; and
- the deliverability of existing saving plans.

As part of responding to these challenges, services will need to bring forward sustainable budget proposals which enable the Council to continue to deliver essential services to Norfolk's people, businesses and visitors.

This report forms an important part of the process of preparing the 2022-23 Budget, and represents a key opportunity for the Select Committee to provide its views on the approach to developing budget proposals for the services within its remit.

Executive Summary

Cabinet has sought Select Committee input into the 2022-23 budget process, in respect of the approach to the development of saving proposals. This report appends the latest information about the 2022-23 Budget in order to support Select Committee discussion and enable them to provide input to future meetings of Cabinet to inform budget decisions.

Actions required

- 1. To consider the Budget and Medium Term Financial Strategy position as reported to Cabinet (Appendix 1), which forms the context for 2022-23 budget setting.**
- 2. To consider and comment on the overall service strategies as set out within this report.**
- 3. To consider and comment on the key issues for 2022-23 budget setting and the broad areas the Select Committee would recommend for savings development as they pertain to the services within the Select Committee's remit, in order to provide input to the 2022-23 budget process and inform the saving proposals put forward to Cabinet later in the year.**

1. Background and Purpose

- 1.1. As part of setting the 2021-22 Budget, the Council's three Select Committees received reports on the broad approach to developing budget proposals for the services within their remit at meetings held in September 2020. Select Committees' views were fed back to Cabinet in October 2020 along with a request that they be engaged earlier in the budget setting process for 2022-23, ideally in July. Cabinet in October 2020 agreed with this proposal and this report therefore represents an earlier opportunity for Service Committees to provide input to 2022-23 budget setting.
- 1.2. Cabinet has agreed that Select Committees have a role in the 2022-23 budget process and requested that Select Committees consider the areas for savings in the services falling within their remit.

2. Proposals

- 2.1. The report to July Cabinet provides an overview of the financial planning context for the County Council, including:
 - the overarching timetable for 2022-23 budget setting;
 - the key issues, risks and uncertainties identified in relation to 2022-23 budget setting; and
 - the target level of savings to be found by each service department.
- 2.2. The Select Committee's views are sought in relation to the services within its remit on (1) key issues for 2022-23 budget setting and (2) the broad areas proposed for savings development, in order to help shape budget and saving proposal development for 2022-23, assist in the identification of key pressures and priorities for the 2022-23 Budget, and (ultimately) to inform the budget proposals to be considered by October Cabinet prior to consultation.

3. Service strategy and approach

- 3.1. The financial approach and key strategies for Directorates delivering services which fall broadly within the remit of this Committee have been set out within the County Council's 2021-22 [Budget Book](#), as follows.

Strategy and Transformation Priorities

The restructured Strategy and Transformation department provides a continuum of services from strategy development, organisational development and upskilling, innovation and transformation delivery, insight and performance, strategic communications and resource stewardship. The department's key functional areas are Human Resources, Transformation, Communications and Insight & Analytics. Strategy and Transformation provides:

A **strategic focus** – to provide advice and to support the political and managerial leadership of the Council in their strategic approach. At a time when resources are stretched, and a number of “unknowns” remain in the financial and government policy space associated with the pandemic, it is essential to have the capability to:

- look to the future and anticipate change
- provide analytical and problem-solving expertise to the executive team and departments
- offer professional leadership to the organisation and to Norfolk Resilience Forum (NRF) partners in key areas such as strategy, communications and intelligence and analytics, to drive insights and actions

A **transformational focus** – to support and enable change and drive innovation, as well as provide capacity and support to services by:

- defining transformational solutions to strategic problems across all areas of processes, people and systems
- delivering projects and transformation at pace where required
- supporting the Council to improve its performance through governance of all transformation activity through building transformation delivery capability

A **support service focus** – providing more responsive internal services from all elements of the department to managers and staff while:

- achieving lower costs through greater use of technology
- developing and implementing simpler and more streamlined processes that deliver the desired outcomes
- building on professional services through heads of profession
- supporting and driving evidence-based decision making
- clear concise communications internally and externally to support service provision
- building the Council's positive reputation for delivery and influence positive behavioural change

Critical objectives for the year include:

- Create wider organisational capacity and capability in strategy, policy, innovation and operational performance, through enhanced direct support to services and deeper engagement into the organisation
- Develop, implement and embed a new performance management framework
- Provide insight, accessible information and resources in a timely and meaningful way so as to enable evidence and intelligence led decision-making in the delivery of our services
- Create meaningful conversations with residents, staff, partners and stakeholders to highlight how the council is bringing positive change
- Continue to deliver the Smarter Working programme and realise benefits across the organisation
- Strengthen the transformation programme's governance framework, ensuring a direct connection to organisational performance and return on investment.
- Build a central transformation delivery capability to assure transformation delivery and ability to respond to an organisational priority

In this context, the budget proposals may have a significant impact on the organisation's strategic capabilities as well as on service departments. The proposals will be developed in line with the department's strategic approach and are intended to:

- Work to **drive our professional leads model**, in providing support across the organisation to maximise efficiency, and effectiveness
- Ensure the **realisation of benefits** identified in the Business Transformation and Smarter Working programmes
- Maximise any saving opportunities arising from changed expectations and **working practices** as a result of COVID-19

Governance Priorities

The newly created Governance department brings together Democratic Services and Regulatory Services, and Legal Services, which support the Council to be an effective organisation, ensuring there is strong governance that keeps the organisation safe and legally sound supporting elected members to shape and deliver the Council's key priorities. The department provides:

- A governance focus to ensure the organisation is safe, compliant and governed effectively and with strategic focus and purpose, with strong stewardship / control systems and processes, joining up across the local government system
- An income generating focus – to create value for NCC through maximising the opportunities provided through public service provision, for genuine fee earning activities which don't deviate from, but enhance, our statutory purpose and core offer. The Governance department as a whole relies heavily on income, particularly Nplaw and Registrars, so proposals to review headcount need to take into account the potential for fee earning

Priorities for 2021-22 include:

- Implementing recommendations of the LGA governance review and ADSO review of Democratic Services
- Delivering Regulatory Services which are business-like and joined up, making a positive contribution to the Council's priorities
- Developing a team of well trained, effective, flexible staff who are responsive to the changing needs of our customers
- Maintaining and enhancing relationships with district, city and borough councils for delivery of legal services new under the new ten-year stakeholder agreement
- Pursuing opportunities to for external legal work in our particular areas of expertise to increase trading surplus to be contributed to Council front line services
- Making better use of technology to further improve legal support to customers and continue move away from paper-based systems

In the above context, budget proposals can have a significant impact on service departments. The proposals will be developed in line with the department's objectives and targets, and are intended to:

- Ensure that we keep the organisation safe and legal as efficiently and effectively as possible
- Balance opportunities to maximise income for genuine fee earning services, against cost savings, without deviating from our core service offering
- Work to drive our professional leads model, in providing support across the organisation to maximise efficiency, and effectiveness.
- Maximise any saving opportunities arising from changed expectations and working practices as a result of COVID-19

Finance and Commercial Services Priorities

Finance and Commercial Services provides capacity to enable the Council to act swiftly, innovatively and effectively in the context of rapid change. The Department is focused on delivering the following key objectives:

- Enhancing financial performance;
- Supporting and training service managers;
- Effective management of property assets to make best use and maximise the return on investments;
- Efficient and effective contract management;
- Providing information which supports good decision making;
- Reducing the costs of our services whilst improving their effectiveness, utilising new technology and implementing smarter ways of working; and
- Rolling out technological infrastructure, improving customer service and saving money.

These objectives will inform an approach to identifying budget proposals which seek to minimise the impact on front line services.

- 3.2. The Select Committee is invited to comment on the overall service strategy and approach.

4. Impact of the Proposal

- 4.1. Select Committee input will support in shaping budget proposals and thereby contribute to the 2022-23 budget setting process. Further impacts are set out in the appended Cabinet paper.

5. Financial Implications

- 5.1. Immediate financial implications are highlighted in the appended report. Any implications arising from the Select Committee's comments will be reported to a future meeting of Cabinet as part of 2022-23 budget setting as appropriate.

6. Resource Implications

6.1. Staff:

There are no direct implications arising from this report although there is a potential that staffing implications may arise linked to specific saving proposals developed. These will be identified as they arise later in the budget planning process.

6.2. Property:

There are no direct property implications arising from this report although existing saving plans include activities linked to property budgets and assumptions around capital receipts to be achieved.

6.3. IT:

There are no direct IT implications arising from this report although existing saving plans include activities linked to IMT budgets.

7. Other Implications

7.1. Legal Implications

As set out in the appended Cabinet paper.

7.2. Human Rights implications

As set out in the appended Cabinet paper.

7.3. Equality Impact Assessment (EqIA) (this must be included)

As set out in the appended Cabinet paper.

7.4. Health and Safety implications (where appropriate)

As set out in the appended Cabinet paper.

7.5. Sustainability implications (where appropriate)

As set out in the appended Cabinet paper.

- 7.6. **Any other implications**
As set out in the appended Cabinet paper.

8. Actions required

- 8.1. As set out in the [Executive Summary](#).

9. Background Papers

- 9.1. As set out in the appended Cabinet paper, plus:

Select Committee input into Norfolk County Council Budget Planning 2020-21 (September 2020):

- Corporate Select Committee, agenda item 12 ([here](#))
- Infrastructure and Development Select Committee, agenda item 10 ([here](#))
- People and Communities Select Committee, agenda item 10 ([here](#))

Strategic and Financial Planning 2021-22, 5 October 2020 Cabinet Paper, agenda item 11 ([here](#))

Norfolk County Council Constitution, [Article 5 – Overview and scrutiny bodies](#), para 5.7 – Membership and Areas of Responsibility of Select Committees.

Officer Contact

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Cabinet

Decision making report title:	Strategic and financial planning 2022-23
Date of meeting:	5 July 2021
Responsible Cabinet Member:	Cllr Andrew Jamieson (Cabinet Member for Finance)
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
If this is a key decision, date added to the Forward Plan of Key Decisions.	N/a
<p>Introduction from Cabinet Member</p> <p>Since March 2020, the COVID-19 pandemic has underscored repeatedly the vital role played by the County Council in supporting vulnerable people and communities in Norfolk. This once again highlights the critical need to set a balanced and sustainable budget to enable the Council to continue to deliver the services which are so important for all Norfolk's people, businesses and visitors. This report therefore sets out the process by which the Council will build on the 2021-22 Budget in order to develop the detailed financial plans for future years, which will secure the Council's financial position and safeguard the provision of essential services into 2022-23 and beyond. In furtherance of this goal, the Council also continues to engage with Government, MPs and the Ministry for Housing, Communities and Local Government (MHCLG) both directly, and via representative groups such as the County Council Network (CCN), the Local Government Association (LGA), and the Society of County Treasurers (SCT), to emphasise the need for sustainable and long term funding for councils.</p> <p>In February 2021, Full Council agreed a robust Budget for 2021-22 which included a significant provision for COVID-19 cost pressures via the deployment of COVID funding in the year, and through the level of COVID reserves carried forward from 2020-21. These resources are intended to enable the Council to respond to the additional costs and other financial impacts of the pandemic as they arise through the year. However, there remains a risk that these will prove insufficient if the course of the post pandemic recovery changes significantly. So while the full picture of the financial impact of COVID remains to be seen as it emerges over the months and years to come, what is already clear is that there have been, and will be further, material effects on the Council's budgets in terms of cost pressures, lost income and impacts on the delivery of savings programmes. All of these elements will need to be kept under review through the Council's 2022-23 budget setting.</p>	

As discussed further within this report, the level of the budget gap to be closed in future years is subject to substantial uncertainty and there remain a number of key issues which could have a material impact on the level of resources available to Norfolk County Council to deliver services in the future. In particular there remains uncertainty and further delay in relation to a range of very significant planned reforms for local government finance. More details of these may emerge during the course of 2022-23 budget setting, including proposals for the reform to the funding of Adult Social Care (due this year¹), the outcomes of the fundamental review of Business Rates (due in the Autumn², although indications are that this will have limited impact on local government funding), and the Fair Funding Review itself (for which the timescale is currently unknown). These represent major areas of risk and potential change for the Council in developing its Medium Term Financial Strategy.

In preparing the 2022-23 Budget, it is critical to recognise a number of other aspects which inform the context in which the Council is operating. These include the fact that in setting the 2021-22 Budget, the Council has already committed to a challenging programme of savings for the MTFS period, and it will be essential that these are delivered. The quantum of savings already assumed in the MTFS may have implications for the level and types of new saving proposals which can be brought forward for 2022-23. It is also important to recognise that the 2022-23 Budget is predicated on an assumed council tax increase of 2.99% (1.99% general council tax increase and 1% increase in the Adult Social Care precept deferred from 2021-22). Any decision to reduce the level of council tax increase will result in a requirement for further savings to mitigate the impact. Conversely, any additional discretion to increase council tax or the precept, which may in due course be offered by Government for 2022-23, will merit careful consideration as it would potentially offer the possibility of reducing the savings requirement and/or mitigating any further cost pressures.

Executive Summary

The Council has a well-established process for annual budget setting, and this report sets out proposals for how this will be maintained in relation to 2022-23 to deliver a prudent and transparent approach to budgeting, incorporating earlier engagement with Select Committees. At the time of 2021-22 budget setting, the Section 151 Officer recommended that early planning should be undertaken in respect of 2022-23 and that the scope to address pressures within the constraints of the overall budget should be reviewed in the round during 2021-22 when further specific details of the longer term funding allocations are known. It will be essential that the Council is able to produce a realistic plan for reducing the budget requirement in future years through the early identification of saving proposals for 2022-23, or the mitigation of currently identified pressures, and that all proposals are considered in the context of the significant budget gap identified for the year.

The Council's February 2021 MTFS therefore made it clear that the Council, in common with other upper tier local authorities, faces a significant budget shortfall to be addressed in 2022-23. Over and above this, there can be no doubt that the COVID pandemic and recovery will have a profound impact on the Council's finances in 2021-22 and on the budget setting process for 2022-23, including the organisation's ability to achieve planned budget savings

¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-8001/>

² <https://www.gov.uk/government/news/business-rates-review-update>

and income for the current year, and its capacity to develop and deliver new budget proposals for the next. This report should therefore be read in conjunction with the 2020-21 outturn position reported to Cabinet in June 2021, and the financial monitoring for 2021-22 as reported elsewhere on this agenda.

The wider budget position remains the subject of extremely high levels of uncertainty. As such, this report sets out details of a proposed budget planning process for 2022-23, but recognises that as always there may be a need for some flexibility. In this context, the report provides a summary of key areas of wider risk and uncertainty for Cabinet to consider.

Recommendations

- 1. To consider the overall budget gap of £91.876m included in the Medium Term Financial Strategy (MTFS) set by Full Council in February 2021, and agree:**
 - a. the gap of £39.037m to be closed for 2022-23; and**
 - b. the extension of the MTFS by a further year (to 2025-26) and the resulting overall gap for planning purposes of £108.645m. (Section 5).**
- 2. To review the key budget risks and uncertainties as set out in this report, including the implications of announcements made at the Spring Budget 2021, and the significant uncertainties which remain. (Section 3, Section 5 and Section 13).**
- 3. To consider the principles of the proposed approach to budget setting for 2022-23, noting that there may be a need for flexibility within both the process itself and the assumptions applied, and agree:**
 - a. the process and indicative timetable set out in paragraph 6.1 and Table 8.**
 - b. the savings targets allocated to each Department to be found (Table 9), and that these will be kept under review through the budget process, and**
 - c. the proposed review of new borrowing within the 2022-23 Capital Programme to ensure affordability.**

1. Background and Purpose

1.1. As in previous years, this report represents the start of the Council's process for setting the 2022-23 Budget and developing the supporting Medium Term Financial Strategy (MTFS). The report sets out the context and a proposed approach to budget setting including:

- A summary of the Budget and MTFS approved by Full Council in February 2021, including the savings already planned for future years.
- Consideration of any implications of Government announcements made as part of the 2021 Spring Budget.

- An overview of the significant remaining uncertainties facing local government finances including the impact of delays to funding reforms and the potential longer term effects of COVID-19.
- The MTFS position for 2021-22 onwards as agreed in February 2021 and proposed savings targets by Department.

- 1.2. Ultimately this report is intended to support the Council in preparing the 2022-23 Budget and identifying savings which will assist in delivering a balanced budget for the year.

2. Strategic context

- 2.1. Over the past 15 months, the COVID-19 pandemic has affected virtually all aspects of life; while longer term effects will not be known for quite some time, it is expected that its impact will continue to be felt into the future. It is especially important that the Council is proactive in addressing these new challenges and demonstrating how committed we are in supporting our residents. It is expected that certain age groups such as younger people, vulnerable people, small and medium size businesses (SMEs), and ethnically diverse communities will be most significantly affected in terms of economic and health impacts.

- 2.2. Throughout this period, Norfolk has seen an increase of over 100% in the number of people claiming Universal Credit support as well as those seeking direct financial assistance from the Council. There have also been significant increases in levels of obesity and alcohol consumption, as well as referrals to and use of mental health services. These increases indicate an impending crisis in mental health and wellbeing services which could have an impact on Council services and commissioning. The pandemic has also starkly highlighted inequality in how people access services and learning, even with getting online in some parts of the County.

Particular focus should be considered for groups which are disproportionately impacted, such as the 18-24 and 50+ cohorts who may have experienced difficulty with employment and disruption of education or other skills training. Early research has suggested that over 50s experience unique difficulties in returning to employment and references that long-term unemployment has doubled in workers over 50 since 2010. The same over 50 cohort are twice as likely to be long-term unemployed than younger workers.

Services to older people have also been disrupted, with a pause in day services and home based reablement having a significant impact on social isolation, carer breakdown and health recovery. More people are now contacting the Council with higher levels of need than before, and hospital discharge arrangements mean we are now supporting more people who would normally fund their own care.

The pandemic has also had a particular impact on children, families and young people, with a significant disruption to learning and apprenticeships, a widening of the existing disadvantage gap, poor emotional wellbeing for children and

families (with a rise in self-harm, eating disorders and all forms of anxieties), increased family hardship, strain and conflict as a result of additional pressures in a context where existing support mechanisms have been restricted.

- 2.3. With such increased demand, it is expected that the COVID-19 crisis will continue to have a significant impact on our services and available budget. Demand for people services continues to rise each year with an increase in aging population requiring social care and more children with special needs and disabilities requiring support. New pressures from the pandemic will continue to add strain on these services, and the economic and psychological distress of subsequent lockdowns on our residents is likely to increase demand on our social care and wellbeing support services.

2.4. ***What has Norfolk County Council done to help?***

The Council has worked hard to maintain the delivery of vital services across all of its operation and has worked in partnership across the whole system to protect vulnerable people, support businesses, while ensuring the safety of all staff delivering this vital work.

Norfolk County Council's Public Health team have led the response to the pandemic across the County and worked tirelessly to provide a wide range of critical functions from specialist public health advice on issues such as PPE, testing and mortuary management, to data modelling and analysis to support the NHS planning processes. Our Communications team, have worked in partnership with the whole local government system to provide clear messages and advice to the general public and members with the Director of Public Health providing regular radio interviews and press articles.

Adult Social Care and Children's Services have worked hard to ensure children and older people are safeguarded against harm, families supported when facing hardships and barriers to learning, and care providers have the means to protect their staff and those in their care. In addition to the work on critical services, the Council has tried to ease the pressures of people in "lockdown" by offering digital support through the library, adult learning and museum services, to help people's wellbeing and support home schooling.

Since launching the "Norfolk Delivery Plan", our contribution to the New Anglia Local Enterprise Partnership's "Norfolk and Suffolk Covid-19 Economic Recovery Plan", we have continued to work with our partners to understand the impact of Covid on our business community. Rebuilding the local economy, while attracting investment and putting infrastructure in place to support further growth remains a key priority. Tackling the climate crisis and protecting the natural environment and heritage of Norfolk also continues to be an urgent priority; the Council's Environmental policy clearly sets out our ambitions for the authority in this area. The Council is committed to investing in the built environment and creating places communities can be proud of.

We have seen the world change since the start of the Covid-19 pandemic in March 2019, especially in the way we work, shop and travel. We will use these changes as a springboard to both build back better and build back greener.

2.5. ***How will Norfolk County Council address these new challenges?***

The local elections on 6 May gave the administration a renewed mandate, and the new manifesto “Delivering a Better Future for Norfolk” will guide the Council’s plan and activities over the next four years.

The Council is committed to maintaining our valued services such as libraries, museums, and recycling centres and will continue to invest to transform services to meet the needs of local communities.

Recognising the growing pressure on the care sector, the Council has and will continue to make investment commitments to alternative models of support accommodation and refurbish existing residential care schemes. Our services will continue to lead on care quality standards to ensure our residents get the quality of care they deserve.

As mentioned above, it is more important than ever to support our communities through improving their resilience. We will ensure key services are delivered in close partnership with organisations such as the NHS, and will build stronger relationships with the voluntary sector.

The Council’s continued investment in infrastructure will help Norfolk lead the way in economic development. Completing the western link of the NDR and delivering a fully dualled A47 will better connect our communities and help stimulate economic growth. The pandemic has highlighted the need for better broadband and connectivity and the Council remains on track to deliver this for our residents and help reduce digital exclusion.

Noting the pressure the pandemic has placed especially on younger people, we welcome the support pledged for families and young people by investing in skills and jobs opportunities, as well as services for young people to help provide the necessary targeted support.

The Council is committed to achieving the target of becoming carbon neutral by 2030 and will ensure we align with central government’s ambitions for clean growth and the green economy. We will continue to focus on promoting forms of active travel and public transport as well as maintaining our natural environment and heritage.

The Council will focus on maximising opportunities offered by central Government, ensuring Norfolk is part of the conversation on “levelling up”, and will closely monitor and seek to influence the delivery of the Shared Prosperity Fund. We will be keen to work with Government to help unlock the potential of our areas and build on existing success, such as seen with the Towns Fund.

2.6. **County Council Strategy and Transformation**

Our Corporate Plan “Together, for Norfolk” previously set out three overriding ambitions which drive the Council’s priorities: a growing economy, thriving people, and strong communities. Our Plan has also underpinned and contributed to the delivery of the New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy.

2.7. With the lifting of the lockdown restrictions on the horizon, the Council has started work to refresh our strategy, to address the critical issues brought to the forefront by the pandemic, as well the opportunities that are emerging. Our event, “Rising to the Challenge Together”, which took place on 2 July and included over 100 delegates from across the local public, private and voluntary sectors, will further inform our thinking into the priorities for the future. Looking forward, we believe we can create real change and opportunity, not just recover, and so build a better, vibrant, more prosperous Norfolk, where no one is left behind. We must seize the opportunities for long-term change now, so that we can build a stronger, more inclusive and more sustainable future for our County and its people.

2.8. The Council’s transformation programme continues to focus on the following strands, core to the Council’s objectives and ambitions.

1. **Safer children and resilient families**
2. **Transformation of specialist educational needs provision**
3. **Promoting independence for vulnerable adults**
4. **Smarter working and business transformation**

All of our programmes have continued to deliver benefit throughout the pandemic. As part of developing our refreshed strategy, we will also align and refocus our transformation activities, to ensure we address the challenges that the County and the Council face.

Having successfully accelerated the roll out of remote technology over the past year, we continue to actively seek out opportunities to be more efficient in how we provide services, externally and internally, moving towards digital access where this is convenient and appropriate.

We want to meet the current and future challenges head-on and continue to innovate in the way we deliver services and conduct our business, to achieve the best outcomes and the best value for money for our people of Norfolk.

The work to refresh our strategy and plans will take place throughout the summer and early autumn. We will also be strengthening our business planning processes and systems, with an even more robust approach to using evidence to drive decisions, and an increased focus on effective performance management.

3. **Spring Budget and Queen’s Speech 2021, and local government funding**

- 3.1. The Chancellor of the Exchequer, Rishi Sunak, delivered the Spring 2021 Budget³ on 3 March 2021. This was only the Chancellor's second Budget, but as part of the Government's response to COVID-19 there have been 13 major fiscal announcements since the previous Budget on 11 March 2020. This was also the first budget since the UK entered the various lockdowns imposed in response to COVID-19, and the UK's departure from the European Union. The build up to the Budget was inevitably dominated by the response to COVID-19. The Budget included details of the continuing package of measures and set out "*the next phase of the plan to tackle the virus and protect jobs*". The two main issues for the Budget to address were:
- How and when to begin paying down the debts arising from the pandemic.
 - What continued support will be offered to households and businesses impacted by the pandemic.
- 3.2. In this context, the bulk of the Chancellor's speech addressed the response to the COVID pandemic and plans for the recovery. However it was noteworthy that there were very few announcements about the detail of public sector funding and in particular:
- No mention of the long-term funding of social care (although the Queen's Speech on 11 May 2021 reiterated that "*proposals on social care reform will be brought forward*.")⁴.
 - No mention of various other reforms to local government finance including fair funding and business rates (although the Government's interim response to the fundamental review of business rates was published on 23 March 2021, with final report due in Autumn 2021⁵).
 - Departmental funding allocations have only been published for 2021-22 which would suggest there may be little prospect of a long-term local government settlement for 2022-23 onwards.
- 3.3. The Chancellor confirmed that economic support will be maintained until the country has exited lockdown (broadly until September 2021). This includes extensions to furlough, support for the self-employed, support for businesses in the form of business rate relief and targeted grants, and education catch-up funding. The Chancellor stated that this Budget "*is not the time to set detailed fiscal rules*" but did detail the following principles:
- "*First, while it is right to help people and businesses through an acute crisis like this one, in normal times the state should not be borrowing to pay for everyday public spending.*"

³ <https://www.gov.uk/government/topical-events/budget-2021>

⁴ <https://www.gov.uk/government/speeches/queens-speech-2021>

⁵ <https://www.gov.uk/government/consultations/hm-treasury-fundamental-review-of-business-rates-call-for-evidence>

- *Second, over the medium term, we cannot allow our debt to keep rising, and, given how high our debt now is, we need to pay close attention to its affordability.*
- *And third, it is sensible to take advantage of lower interest rates to invest in capital projects that can drive our future growth.”*⁶

3.4. The Chancellor also used the Budget to outline a number of other initiatives which will see funding flowing to local authorities. These included the [Levelling Up Fund](#), and the [UK Community Renewal Fund](#). Both funds will be subject to a bidding process.

3.5. The Office for Budget Responsibility (OBR) published updated March 2021 forecasts⁷ for the economy alongside the Budget, and commented that forecasts reflected *“an economy that is weaker in the near term but rebounding faster than we forecast in November”* and that this enabled the Chancellor to do three things: *“First, he has extended the virus-related rescue support to households, businesses and public services by a further £44.3 billion, taking its total cost to £344 billion. Second, he has boosted the recovery, most notably through a temporary tax break costing more than £12 billion a year that encourages businesses to bring forward investment spending from the future into this year and next. Third, as the economy normalises, he has taken a further step to repair the damage to the public finances in the final three years of the forecast by raising the headline corporation tax rate, freezing personal tax allowances and thresholds, and taking around £4 billion a year more off annual departmental spending plans, raising a total of £31.8 billion in 2025-26.”*⁸

3.6. The Budget provided detailed **Departmental Expenditure Limits** for 2021-22 only, although longer term commitments/settlements have been provided for schools, the NHS and defence.⁹ At a summary level, the OBR state that Government forecasts indicate a cut of *“more than £15 billion a year from departmental resource spending from 2022-23 onwards”*, which suggests a challenging Spending Review later this year, particularly for unprotected areas of spending. The Budget document itself states that the Government *“will conduct a Spending Review later this year to set future departmental RDEL and CDEL budgets as well as devolved administrations’ block grants. Details on the Spending Review, including the RDEL and CDEL envelopes, will be set out in due course.”* However for now, the general approach to strengthening the public finances appears to be centred on tax increases (including freezing the rates for personal tax allowances and higher rate threshold from April 2022, and increasing the rate of corporation tax from 2023). As such the precise implications for local government and other public sector funding are hard to determine.

⁶ <https://www.gov.uk/government/speeches/budget-speech-2021>

⁷ <https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/>

⁸ <https://obr.uk/overview-of-the-march-2021-economic-and-fiscal-outlook/>

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966161/Budget_2021_Web_accessible.pdf

- 3.7. In common with recent years, **the Council will not receive detailed information about funding allocations for 2022-23 until autumn 2021 at the earliest.** In the absence of a Comprehensive Spending Review, any long term funding allocation now appears to be only a remote possibility. There is very little time for Government to undertake a full multi-year spending review and in this context a one-year roll over of the local government settlement is increasingly likely for 2022-23. Beyond the immediate impact of COVID, the overall level of uncertainty means that the financial environment for local government is set to remain highly challenging. There continues to be a growing gap between funding and service pressures. This is driven by demographic changes, unfunded burdens such as the National Living Wage, and the needs of vulnerable social care users becoming increasingly complex. Children's services, in both social care and education (particularly the High Needs Block), are also under very significant stress. Other Council services (for example transport, planning, environment, and trading standards) have been subject to significant financial restrictions. In turn these have a knock on effect by increasing the pressure placed on discretionary and preventative services.

4. Budget context

- 4.1. The Council approved the 2021-22 Budget and MTFS to 2024-25 on 22 February 2021. The MTFS agreed at that point includes a gap of £91.876m for the MTFS period. The current year's budget is based on the one year funding allocations as set out in the Final Local Government Finance Settlement for 2021-22 confirmed on 4 February 2021. The MTFS includes an assumption that funding is (largely) rolled forward at 2021-22 levels in future years.
- 4.2. A summary of the MTFS approved in February is shown in Table 5 of this report, along with the proposed addition of indicative pressures for 2025-26. The following table provides a high level summary of the cost pressures provided for in the February MTFS, with additional detail of the pressures assumed for 2022-23 in Table 2. Full details of all pressures currently assumed within the MTFS are provided in the [2021-25 Budget Book](#). A number of pressures within the Council's budget are driven by Central Government decisions, including pay and price market pressures linked to the National Living Wage, and pressures relating to assumed reduction in funding (for example the New Homes Bonus grant).
- 4.3. It should be noted that the level of savings included in the Budget for future years is substantial, while overall pressures are lower than have been provided for in 2021-22, and these may be areas at high risk of further cost pressures emerging through the 2022-23 budget process. However, in part this reflects the fact that cost pressures in 2021-22 are materially higher than in previous years due to the inclusion of pressures from reinstating Minimum Revenue Provision budgets and one-off provision for COVID-19 costs in 2021-22 which are being held corporately. Reversal of the one-off COVID-19 provision, and other one-off items within Children's and CES budgets, results in a negative pressure in the 2022-23 budget planning. Nevertheless, at this stage no provision has been made for price rises driven by COVID-19 in underlying budget planning for 2022-23.

Table 1: Budget pressures by Department in MTFS 2021-22 to 2024-25

	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	Total £m
Adult Social Services	28.197	20.909	21.787	21.055	91.949
Children's Services	7.014	6.877	7.201	8.112	29.203
Community and Environmental Services	10.512	4.486	5.403	5.891	26.292
Strategy and Transformation	1.271	0.327	0.328	0.338	2.263
Governance	0.581	0.324	0.386	0.319	1.611
Finance and Commercial Services	1.688	0.326	0.836	0.914	3.763
Finance General	46.003	-10.811*	8.831	3.893	47.916
Grand Total	95.265	22.439	44.772	40.521	202.997

*Includes reversal of £18.829m COVID pressures

Table 2: Detail of 2022-23 pressures in MTFS

	2022-23 £m	Detail	
Economic and inflationary pressures	18.899	Pay assumed at 3% equates to £7.5-8m, price inflation includes £6.3m Adult Social Care, £2m Children’s Services.	
Legislative requirements	8.472	£6.5m relates to Adult Social Care pay and price market pressures (including National Living Wage). Balance relates to pension fund valuation assumptions and fire pension pressures.	
Demand and demographic pressures	11.380	£6.1m relates to older people demographic growth. £3.5m Children's Services demographic growth (including Home to School transport pressures). £1.7m relates to waste tonnages.	
Council policy decisions	2.516	Policy decisions reflect reversal of one-off 2021-22 decisions (e.g. removal in 2022-22 of one-off flood funding provision of £1.5m), offset by cost pressures within Finance General budgets relating to MRP (minimum revenue provision), treasury pressures, provision for minimum general fund balance.	
COVID-19 pressures	-18.829	This reflects the removal of the budget provision for cost pressures relating to COVID made in 2021-22 and equal to the Tranche 5 MHCLG grant. I.e. there is no provision in 2022-23 for additional COVID costs which results in a smaller gap forecast in 2022-23.	
Net total pressures	22.439		
Funding decreases	35.726	Reflects assumed loss / removal of the following:	
		New Homes Bonus Grant	1.463
		Local Council Tax Support Grant	7.512
		Extended Rights to Free Travel Grant	0.050
		Reverse one-off release of Covid funding Tranche 4 carried forward for 2021-22 pressures	5.608
		Reverse One-off Business Rates reserve use	2.265
		Reverse COVID-19 Grant 2021-22 (Tranche 5)	18.829
			35.726
Total pressures and funding decreases	58.164		

- 4.4. The following table provides a summary of the agreed savings included in the MTFS and detailed in the February budget papers. **Further savings will be required to close the identified budget gap in addition to these.**

Table 3: Planned savings by Department in MTFS 2021-22 to 2024-25

	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	Total £m	% of total MTFS savings
Adult Social Services	-17.858	4.275	2.000	0.000	-11.583	24%
Children's Services	-11.300	-6.900	-3.500	-2.500	-24.200	51%
Community and Environmental Services	-8.288	-0.466	0.000	0.000	-8.754	18%
Strategy and Transformation	-0.553	-0.180	0.000	0.000	-0.733	2%
Governance	-0.353	0.000	0.000	0.000	-0.353	1%
Finance and Commercial Services	-1.927	0.026	-0.100	0.000	-2.001	4%
Finance General	-0.900	1.000	0.000	0.000	0.100	0%
Grand Total	-41.179	-2.245	-1.600	-2.500	-47.524	100%

- 4.5. The following table sets out the net revenue budget forecast for 2022-23 agreed at February 2021 budget setting and incorporating the current pressures and assumptions as detailed within this report.

Table 4: Forecast 2022-23 Net Revenue Budget (as at February 2021)

	Adult Social Services £m	Children's Services £m	Community and Environmental Services £m	Strategy and Transformation £m	Governance £m	Finance and Commercial Services £m	Finance General £m	Total £m
Base Budget 2021-22	252.550	178.886	158.307	8.422	1.904	32.235	-193.210	439.094
Growth								
Economic / Inflationary	8.314	4.747	3.656	0.327	0.193	0.864	0.798	18.899
Legislative Requirements	6.495	0.000	0.900	0.000	0.000	0.000	1.077	8.472
Demand / Demographic	6.100	3.500	1.700	0.000	0.080	0.000	0.000	11.380
NCC Policy	0.000	-1.370	-1.770	0.000	0.051	-0.538	-12.686	-16.313
Funding Reductions	0.000	0.000	0.000	0.000	0.000	0.000	35.726	35.726
Total Budget Increase	20.909	6.877	4.486	0.327	0.324	0.326	24.915	58.164
Reductions								
Total Savings	4.275	-6.900	-0.466	-0.180	0.000	0.026	1.000	-2.245
Funding Increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Budget Decrease	4.275	-6.900	-0.466	-0.180	0.000	0.026	1.000	-2.245
Base Budget 2022-23	277.734	178.863	162.328	8.569	2.228	32.586	-167.295	495.013

Funded by: Council Tax	-458.383
Collection Fund	2.407
	-455.976
2021-22 Budget Gap	0.000
2022-23 Budget Gap	39.037

5. Medium Term Financial Strategy

- 5.1. The County Council's 2021-22 Budget and accompanying Medium Term Financial Strategy (MTFS) were agreed in February 2021, during the third national lockdown imposed in response to the COVID-19 pandemic. Although some of the impacts of COVID-19 have become clearer during this time, there remain many significant "unknowns" in terms of the societal, organisational and financial implications. Over the course of the last 16 months, the Council has made fundamental changes in relation to both ways of working, and financial planning. However, at this point it appears that Government intends that funding support for COVID-19 pressures will be withdrawn during (or in some cases at the end) of the current financial year. The Council's planning largely assumes that COVID-19 pressures will abate in line with the withdrawal of Government support (in other words, £31.949m of COVID resources¹⁰ provided in 2021-22 will cease before the start of 2022-23. The MTFS also assumes that COVID-related cost pressures of £18.829m will not continue in 2022-23. Any ongoing COVID cost pressures would increase the gap to be addressed, conversely any further funding allocations for 2022-23 would reduce the gap). However, as the budget setting process progresses, if and when longer term cost pressures for 2022-23 become clearer, there may be a need to reflect further changes in budget assumptions.
- 5.2. The pandemic has undoubtedly caused long term changes to a number of Council services, particularly in respect of joint working, public expectations, levels of demand, and the underlying cost base. Services such as adult social care have seen a profound impact from the pandemic, affecting service delivery, demand, and ways of working across almost all areas of the business. In addition, many of the planned savings for 2020-21 have been impacted by the response to COVID-19, with a number of savings currently on hold, and others now needing to be restarted. **Delivering the planned savings for 2021-22, while simultaneously catching up for non-delivery of elements in 2020-21 and developing new savings options for 2022-23, will be a key issue and is likely to test organisational capacity.** Legislation, policies and practices have all seen changes in the previous months; consolidating these and responding to further changes in future will be crucial. In addition, it is highly likely that key income sources including council tax (through both the Collection Fund and tax base growth) and business rates will continue to be under significant pressure in 2022-23. The current MTFS position therefore incorporates prudent assumptions about these income streams, which will nevertheless need to be validated over the course of the year.
- 5.3. Aside from the implications of COVID-19, there remain other uncertainties within the budget, including the level of pay award for 2021-22, which is yet to be confirmed, following an employer offer of 1.5% having been made in May 2021¹¹.

¹⁰ Including COVID grant tranche 5, carried forward COVID tranche 4 grant allocations from 2020-21, and Local Council Tax Support Grant.

¹¹ <https://www.local.gov.uk/local-government-pay-2021>

The MTFS to 2024-25 (and the resulting gap of £91.876m for the period 2022-23 to 2024-25) is based on a number of significant assumptions including the following:

- 2021-22 funding levels will be broadly maintained (i.e. a further rollover settlement). However, the short-term nature of the last Spending Review announcement (for 2021-22 only) means that risks remain around the provision of this funding¹² in future years and therefore a material impact and potential “cliff-edge” may emerge in 2022-23 if these assumptions have to be subsequently reversed.
- Pay inflation will run at 3% from 2022-23 onwards.
- In relation to council tax, and in order to help address pressures across all front line services including social care:
 - A **1.99% increase in general council tax in 2022-23** and subsequent years based on the anticipated amounts which will be allowed by Government before a local referendum is required. The assumed council tax increases are subject to Full Council’s decisions on the levels of council tax, which will be made before the start of each financial year. In this context it is important to note that (to date) Government’s approach to funding local authorities in recent years has been predicated on an assumption that councils will increase council tax by the referendum limit, and that average levels of tax base growth will be experienced. A decision to increase council tax by less than the referendum threshold effectively results in the Council having lower levels of funding than Government expects.
 - An **increase of 1.00% in the Adult Social Care precept deferred into 2022-23** from the maximum of 3.00% allowed by Government for 2020-21, as agreed by Full Council in February 2021. No further increases in the Adult Social Care precept are assumed as the Government has not yet announced what its policy and expectations are for 2022-23 and therefore what flexibilities will be available to local authorities. Central Government has established the principle of the Adult Social Care precept and currently defines the parameters within which local authorities need to operate on an annual basis; it is currently unclear how any announcements around social care reform will impact on the precept in future.

The pressures within the current budget planning position are such that the Executive Director of Finance and Commercial Services considers that the Council will have very limited opportunity to vary these assumptions, and in the event that the Government offered the discretion for larger increases in council tax, or further increases in the Adult Social Care precept, this would be the recommendation of the Section 151 Officer in order to ensure that the council’s financial position remains robust and sustainable.

- In addition to annual increases in the level of council tax, the MTFS assumes relatively modest annual tax base increases of 0.5% in 2022-

¹² This assumption includes Settlement Funding (RSG, business rates), Rural Services Delivery Grant, Social Care Grant, Better Care Fund / improved Better Care Fund, Public Health Grant.

23 and 0.75% for 2023-24 and 1.0% for subsequent years. If these do not occur, the budget gap would be increased, but equally, additional growth would reduce the gap. This position reflects an allowance being made for an ongoing medium-term impact from COVID-19 on the overall tax base level. (0.4% growth was forecast for 2021-22).

- A Collection Fund **deficit** is assumed of £2.4m in 2022-23, £0.6m 2023-24, and £0 2024-25. This reflects in part the phasing of the COVID-19 related deficit position which arose in 2021-22.
- That all the savings proposed and included for 2021-22 can be successfully achieved, and that any “unmitigated” non delivery of savings from 2020-21 can be effectively made up during the current year.
- The High Needs Block overspend and brought forward DSG deficit position can continue to be treated in line with the accounting treatment set out by Government, and as such places no pressure on the “core” Council budget.

5.4. The table below sets out the high level MTFS position as agreed in February 2021 and reflecting the addition of a further financial year (2025-26) to the planning period. The inclusion of a further year in MTFS planning based on the same broad assumptions adds £16.768m to the gap, bringing it to £108.645m for the MTFS period. **The forecast budget gap for 2022-23 is £39.037m.**

Table 5: Updated Medium Term Financial Strategy 2022-23 to 2025-26

	2022-23	2023-24	2024-25	2025-26	Total
	£m	£m	£m	£m	£m
<u>Medium Term Financial Strategy 2021-25</u>					
<u>Cost pressures and funding decreases</u>					
Economic and inflationary pressures	18.899	19.029	19.500	0.000	57.429
Legislative requirements	8.472	8.699	7.010	0.000	24.181
Demand and demographic pressures	11.380	11.980	11.000	0.000	34.360
Council policy decisions	2.516	5.065	3.011	0.000	10.592
COVID-19 pressures	-18.829	0.000	0.000	0.000	-18.829
Funding decreases	35.726	0.856	0.000	0.000	36.582
Total cost pressures and funding decreases	58.164	45.629	40.522	0.000	144.315
<u>Council tax</u>					
Collection Fund	-1.360	-1.762	-0.645	0.000	-3.767
Council tax increase %	-8.857	-9.190	-9.467	0.000	-27.514
ASC precept increase %	-4.451	0.000	0.000	0.000	-4.451
Tax base increase	-2.214	-3.438	-4.710	0.000	-10.362
Total change in council tax income	-16.882	-14.390	-14.822	0.000	-46.094

	2022-23	2023-24	2024-25	2025-26	Total
	£m	£m	£m	£m	£m
<u>Savings and funding increases</u>					
Adult Social Services	4.275	2.000	0.000	0.000	6.275
Children's Services	-6.900	-3.500	-2.500	0.000	-12.900
Community and Environmental Services	-0.466	0.000	0.000	0.000	-0.466
Strategy and Transformation	-0.180	0.000	0.000	0.000	-0.180
Governance	0.000	0.000	0.000	0.000	0.000
Finance and Commercial Services	0.026	-0.100	0.000	0.000	-0.074
Finance General	1.000	0.000	0.000	0.000	1.000
Sub-total savings	-2.245	-1.600	-2.500	0.000	-6.345
Funding increases	0.000	0.000	0.000	0.000	0.000
Total savings and funding increases	-2.245	-1.600	-2.500	0.000	-6.345
Original gap at MTFS 2021-22 to 2024-25 (surplus)/deficit as agreed by Full Council in February 2021	39.037	29.639	23.200	0.000	91.876
<u>Extend MTFS assumptions for 2025-26</u>					
Economic and inflationary pressures	0.000	0.000	0.000	20.261	20.261
Legislative requirements	0.000	0.000	0.000	0.000	0.000
Demand and demographic pressures	0.000	0.000	0.000	11.000	11.000
NCC policy decisions	0.000	0.000	0.000	0.111	0.111
Council tax increase % (1.99%)	0.000	0.000	0.000	-9.752	-9.752
Tax base increase (1.0%)	0.000	0.000	0.000	-4.852	-4.852
Gap as at 5 July 2021 (surplus)/deficit	39.037	29.639	23.200	16.768	108.645

- 5.5. In light of the issues described elsewhere in this report (including the delay of the Fair Funding Review, other changes to core funding (Business Rates and Revenue Support Grant), and further service cost pressures), there is limited information available to provide certainty which would inform further changes to planning at this stage, however the sensitivity table below demonstrates some potential impacts on the scale of the Council's budget gap.

Table 6: Budget gap sensitivity analysis 2022-23

	Approximate impact on 2022-23 gap £m
Additional income from scope to raise Adult Social Care Precept by further 2%*	-8.9
Potential pressure from 2020-21 savings (delayed savings provided for in MTFS remain unachievable)	2.7
Potential pressure from 2021-22 savings (assuming 20% non-delivery)	8.2
Potential pressure from 2022-23 planned savings feasibility review (assuming 20% unachievable)	0.4
Potential pressure from change in tax base growth +/-1%	+/-4.4
Impact of varying pay award assumptions +/- 1%	+/-2.6

*A 1% increase in ASC precept is already assumed, deferred from 2021-22.

- 5.6. The MTFS set out in Table 5 assumes a council tax increase of 1.99% across all years as described in paragraph 5.3. This reflects Government assumptions / expectations for local authorities to raise the maximum council tax available to them. However, the discretion to set the level of council tax ultimately rests with Full Council. The table below sets out what the impact on the MTFS would be if a 0% council tax increase were applied for the period 2022-23 to 2025-26. The 1% ASC precept deferred to 2022-23 is assumed to be retained. Compared to the assumptions in the MTFS approved by Full Council in February and reflected in Table 5, this would result in:

- **Reduced council tax assumptions by £37.266m** for 2022-23 to 2025-26 (the compound loss of council tax income over the period would be £91.684m).
- A **revised budget gap of £145.911m** (increase from £108.645m) for 2022-23 to 2025-26, with a gap of £47.894m to be closed in 2022-23. This would equate to an **additional savings requirement of £8.857m which would need to be addressed in 2022-23** compared to the current MTFS baseline assumptions.

Table 7: 0% Council Tax impact on updated Medium Term Financial Strategy 2022-23 to 2025-26

	2022-23	2023-24	2024-25	2025-26	Total
	£m	£m	£m	£m	£m
Medium Term Financial Strategy 2021-25 gap (as per Table 5)	39.037	29.639	23.200	16.768	108.645
Remove assumed 1.99% council tax increase	8.857	9.190	9.467	9.752	37.266
Revised gap (surplus)/deficit	47.894	38.829	32.667	26.520	145.911
Compound loss of council tax income	8.857	18.047	27.514	37.266	91.684
Approximate additional saving requirement by Department for 0% council tax					
Adult Social Services	4.000	4.200	4.400	4.500	17.100
Children's Services	1.900	2.000	2.100	2.100	8.100
Community and Environmental Services	1.900	2.000	2.000	2.100	8.000
Finance and Commercial Services	0.400	0.500	0.500	0.500	1.900
Finance General	0.300	0.400	0.300	0.300	1.300
Governance	0.100	0.100	0.100	0.100	0.400
Strategy and Transformation	0.100	0.100	0.100	0.100	0.400
Total savings target increase	8.700	9.300	9.500	9.700	37.200

6. Proposals

6.1. The following **principles for 2022-23 budget planning** are proposed:

- MTFS Budget planning to cover the period **2022-23 to 2025-26**.
- **Budget Challenge** meetings for each directorate.
- Allocate the **February 2021 MTFS gap of £39.037m** for 2022-23 based on “controllable spend” approach.
- In order to inform any revision of 2022-23 MTFS and budget gap, Cabinet to **continue to keep MTFS assumptions under review** for remainder of budget setting, particularly relating to:
 - council tax and business rates planning assumptions (informed by latest District forecasts).
 - forecast delivery of planned 2021-22 savings programmes and viability of previously planned 2022-23 savings.
 - cost and income pressures, including ongoing pressures resulting from COVID-19.
 - any further Government funding announcements for 2021-22 and future years.
- Seek to **identify proposals to address future years**, reflecting need for longer term planning in line with the Financial Management Code.

- To closely scrutinise any requests for additions to the Capital Programme for 2022-23 requiring additional borrowing to consider the value for money of proposals and assess their impact on the affordability of the revenue budget and MTFS, **ensuring that borrowing levels are maintained within appropriate prudent limits and the revenue budget remains robust.**
- Select Committees to have a role as part of the budget-setting process, considering areas for savings in July 2021.
- Final **decisions about the 2021-22 Budget to be taken in February 2022** in line with the budget setting timetable as set out below.

6.2. It should be noted that **the above proposals may result in the saving targets currently allocated to Services being revised (and potentially materially increased) during budget setting** in the event that further pressures or income changes arise. Options to address any shortfall in savings to close the 2022-23 Budget gap will include:

- Government providing additional funding;
- Corporate / centrally identified savings opportunities;
- The removal or mitigation of currently identified budget pressures; and
- Service departments identifying further savings.

Table 8: Budget setting timetable 2022-23

Activity/Milestone	Time frame
Cabinet review of the financial planning position for 2022-26 – including formal allocation of targets	5 July 2021
Select Committee input to 2022-23 Budget development	12, 14, 16 July 2021
Review of budget pressures and development of detailed savings proposals 2022-26 to incorporate: <ul style="list-style-type: none"> - Budget Challenge 1 (mid July) – outline proposals - Budget Challenge 2 (early September) – detailed proposals 	July – September 2021
Cabinet considers emerging proposals and service budget strategies	6 September 2021
Cabinet considers full savings proposals and agrees proposals for public consultation	4 October 2021
Public consultation on 2022-23 Budget and council tax and Adult Social Care precept options	TBC October to December 2021
Reporting to Cabinet as appropriate on Government funding announcements / changes to planning assumptions	November – December 2021
<i>Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements*</i>	<i>TBC around 5 December 2021</i>

Activity/Milestone	Time frame
Confirmation of District council tax base and business rate forecasts	31 January 2022
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	31 January 2022
<i>Final Local Government Finance Settlement*</i>	<i>TBC January / February 2022</i>
Scrutiny Committee 2022-23 Budget scrutiny	16 February 2022
County Council agrees Medium Term Financial Strategy 2022-23 to 2025-26, revenue budget, capital programme and level of council tax for 2022-23	21 February 2022

**Assumed Government activity*

- 6.3. The Budget process will be informed through the year by Government announcements around the Comprehensive Spending Review and Local Government Settlement, as well as any progress on reforms including the Fair Funding Review and social care funding. The timing for these is currently unknown. The budget setting process and savings targets will also need to be kept under review as any other specific announcements are made, for example in respect of the National Living Wage (NLW).
- 6.4. In line with the approach set out above, the proposed allocation of savings targets to Departments in proportion to net budgets, adjusted for budgets which are not “controllable” (for example Public Health grant, Schools, capital charges), is shown in the table below. These are the **new savings to be found in addition to those currently planned** for in Table 3. As described above, there is a risk that the targets set out in the table below may need to be revised later in the budget process.

Table 9: Proposed allocation of saving targets 2022-23 to 2025-26

Department	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m	% of total savings
Adult Social Services	17.700	13.600	10.700	7.800	49.800	46%
Children's Services	8.700	6.500	5.000	3.600	23.800	22%
Community and Environmental Services	8.700	6.500	5.100	3.700	24.000	22%
Finance and Commercial Services	1.800	1.300	1.000	0.700	4.800	5%
Finance General	1.300	1.000	0.800	0.600	3.700	3%
Governance	0.400	0.300	0.300	0.200	1.200	1%
Strategy and Transformation	0.500	0.400	0.300	0.200	1.400	1%
Total savings target	39.100	29.600	23.200	16.800	108.700	100%

7. Impact of the Proposal

7.1. This paper sets out an outline timetable and approach to the Council's budget planning process for 2022-23, while recognising that significant risks and uncertainties remain. The proposals in this report will:

- provide flexibility to respond to any changes required due to COVID-19;
- set the context for service financial planning for the year to come;
- assist the Council in managing the continuing significant uncertainty around the Comprehensive Spending Review, Fair Funding Review and other changes in local government funding; and
- contribute to the Council setting a balanced budget for 2022-23.

8. Evidence and Reasons for Decision

8.1. Since early 2020 the County Council has been responding to an unprecedented financial and public health crisis with significant implications for budget setting, which have (as far as possible) been reflected in this report. In this context it remains essential to continue to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for Norfolk to enable the delivery of vital services to residents, businesses and visitors. As in previous years it is important that Government issues guidance on financial planning assumptions, including indicative funding allocations for 2022-23, as soon as possible. Otherwise there is a significant risk that the Council will be obliged to reduce service levels. The Council's planning within the MTFS forecast is based on the position agreed in February 2021 and it is important to note that this will be kept under review in the event that further evidence about funding or the ultimate longer-term impact of COVID-19 on the Council's finances becomes available. Nevertheless, it remains prudent to establish a process to begin planning for savings at the level required to close the underlying gap identified in February 2021.

8.2. The proposals in the report reflect a proportionate response to the challenges and uncertainties present in the 2022-23 planning process and will ultimately support the Council to develop a robust budget for the year.

9. Alternative Options

9.1. This report sets out a framework for developing detailed saving proposals for 2022-23 and at this stage no proposals have been agreed, meaning that a range of alternative options remain open.

9.2. In addition, there are a number of areas where Cabinet could choose to consider different parameters for the budget setting process, such as:

- Adopting an alternative allocation of targets between services, or retaining a higher or lower target corporately.
- Considering an alternative timetable within the time constraints required to develop proposals, undertake public consultation, and meet statutory deadlines for the setting of council tax.
- Changing assumptions within the MTFS (including the level of council tax) and therefore varying the level of savings sought.

9.3. The planning context for the Council will be updated if further information becomes available. Final decisions about the overall shape of the 2022-23 Budget, savings, and council tax will not be made until February 2022.

10. Financial Implications

10.1. Financial implications are discussed throughout the report. This paper sets out the proposed indicative savings targets which will need to be found by each department to contribute to closing the 2022-23 and future year budget gap, subject to formal approval by Full Council in February 2022. The proposals in the paper will require departments to identify further significant savings to be delivered against current budget levels. The scope to achieve savings at the level required may be limited by delivery of the response to COVID-19.

10.2. The Council is legally required to set a balanced Budget annually and should plan to achieve this using a prudent set of assumptions. However, Members could choose to vary the allocation of indicative targets between Directorates, or to establish an alternative approach to identifying savings. Work to deliver additional Government funding could also have an impact on the overall budget gap to be addressed. As a result the budget setting process and savings targets will be kept under review as budget planning progresses. In the event that additional budget pressures for 2022-23 emerge through budget planning, there may be a requirement to revisit the indicative saving targets.

10.3. However, the scale of the budget gap and savings required are such that if the Council is required to deliver savings at this level there is a risk that this could result in the Council failing to fulfil its statutory responsibilities. As such the Government's response and decisions about Council funding in 2022-23 will be hugely significant. The continuing pandemic recovery, Comprehensive Spending Review, Fair Funding Review and Social Care funding reform may all offer opportunities to deliver a paradigm shift in the recognition of the importance of social care, and to adequately fund local authorities to provide vital services and contribute towards the national recovery. Any changes in Government funding could have a material impact on both the level of savings to be identified, and the Council's wider budget process. Fundamentally there is a need for a larger quantum of funding to be provided to local government to provide a sustainable level of funding for future years.

11. Resource Implications

11.1. Staff:

There are no direct implications arising from this report although there is a potential that staffing implications may be linked to specific saving proposals developed. These will be identified as they arise later in the budget planning process.

11.2. Property:

There are no direct property implications arising from this report although existing saving plans include activities linked to property budgets and assumptions around capital receipts to be achieved. In addition, activities planned within Business Transformation will include further work to deliver property related savings.

11.3. IT:

There are no direct IT implications arising from this report although existing saving plans include activities linked to IMT budgets. In addition, activities planned within Business Transformation will include further work to deliver savings through activity related to digital and IT initiatives.

12. Other Implications

12.1. Legal Implications

This report sets out a process that will enable the Council to set a balanced budget for 2022-23 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.

12.2. Human Rights implications

No specific human rights implications have been identified.

12.3. Equality Impact Assessment (EqIA)

Any saving proposals with an impact on service delivery will require public consultation, and an Equality and Rural Impact Assessment of all proposals will need to be completed as part of budget-setting in due course. The results of public consultation and the findings of all EqIAs will be presented to Cabinet in January 2022 in order to inform budget recommendations to County Council.

No specific EqIA has been undertaken in respect of this report, although the dynamic EqIA in respect of the Council's response to COVID-19 can be found [here](#). The EqIA in relation to the 2021-22 Budget can be found as part of the [budget papers](#) considered in February 2021.

12.4. Health and Safety implications

None.

12.5. **Sustainability implications**

There are no direct sustainability implications arising from this report although existing 2022-23 budget plans include funding for activities which may have an impact on the environmental sustainability of the County Council through the delivery of the Environmental Policy. These issues were considered in more detail within the February budget report to Full Council. The MTFS assumes that cost pressures and capital schemes to achieve 2030 carbon neutrality as set out in the Environmental Policy are sufficient. Sustainability issues in relation to any new 2022-23 proposals will need to be fully considered once such initiatives are finalised as part of budget setting in February 2022.

12.6. **Any other implications**

Significant issues, risks, assumptions and implications have been set out throughout the report.

13. **Risk Implications/Assessment**

13.1. A number of significant risks have been identified throughout this report. Risks in respect of the MTFS were also set out within the February 2021 report to Full Council. Uncertainties remain which could have an impact on the overall scale of the budget gap to be addressed in 2022-23. These include:

- The ultimate impact of COVID on the budget in 2022-23, including in particular:
 - any ongoing cost pressures within service delivery and contracted services which have not currently been provided for, including the financial impact of any future lockdowns and/or where services resume but need to be operated on reduced numbers (for example adult day care)
 - ongoing pressures on income particularly in relation to business rates and council tax
 - the implications of any measures implemented by Government to restore the national finances in the medium to longer term
- Ongoing uncertainty around local government (and wider public sector finances) including:
 - the outcome of any comprehensive spending review undertaken in 2021-22
 - Government decisions about the council tax referendum limit or further ASC precept flexibilities for 2022-23
 - the need for a long term financial settlement for local government
 - delivery of reforms to local government funding including the Fair Funding Review, Adult Social Care funding, reforms to the Business Rates system, changes to other funding streams including the New Homes Bonus
 - Further decisions about Local Government reorganisation.

- 13.2. The Council's Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk. A majority of risks, if not treated, could have significant financial consequences such as failing to generate income or to realise savings. These corporate risks include:

- RM002 – The potential risk of failure to manage significant reductions in local and national income streams.
- RM006 – The potential risk of failure to deliver our services within the resources available for the period 2021-22 to the end of 2023-24.
- RM022b – Implications of Brexit for a) external funding and b) Norfolk businesses
- RM031 – NCC Funded Children's Services Overspend

Further details of all corporate risks, including those outlined above, can be found in Appendix C of the July 2021 Risk Management report to Cabinet elsewhere on this agenda. There is close oversight of the Council's expenditure with monthly financial reports to Cabinet. Any emerging risks arising will continue to be identified and treated as necessary.

- 13.3. The Council is currently in the process of implementing a new HR and Finance System, following approval of the business case presented in May 2019¹³. The current budget makes provision for the revenue and capital costs associated with the system, which is expected to deliver savings from 2022-23, with full benefits achieved from 2023-24, subject to implementation during the 2021-22 financial year. As a result, the 2021-22 Budget incorporates some early savings realised within Finance and Commercial Services in 2021-22, with the majority of savings now assumed in the planning position from 2022-23, which assists in closing the MTFS gap position in future years. The assumed level of annual savings in the original business case was £3m. The effective delivery of this programme may therefore have implications for the 2022-23 Budget both in terms of (1) the level of savings assumed within the MTFS and (2) the underlying impact of a new system on the budget setting process. The latest details about the progress of this major project are provided in the Human Resources and Finance Programme Update report to Corporate Select Committee in January 2021¹⁴.

14. Select Committee comments

- 14.1. None. As set out in this report, Select Committees will consider the implications of 2022-23 budget setting for the service areas within their remit when they meet in July 2021.

15. Recommendations

- 15.1. Cabinet considers the recommendations as set out in the [Executive Summary](#).

¹³ [HR and Finance System Business Case](#) (agenda item 10, Cabinet, 20 May 2019)

¹⁴ [Human Resources and Finance Programme Update, Agenda Item 9, Corporate Select Committee 25 January 2021](#)

16. Background Papers

16.1. [Norfolk County Council Revenue and Capital Budget 2021-22 to 2024-25, County Council 22/02/2021, agenda item 5](#)

[Finance Monitoring Report 2020-21 Outturn, Cabinet, 07/06/2021, agenda item 13](#)

Finance Monitoring Report 2021-22 P2, Cabinet, 05/07/2021 (on this agenda)

Risk Management report, Cabinet, 05/07/2021 (on this agenda)

[Budget Book 2021-25](#)

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

CORPORATE SELECT COMMITTEE – FORWARD WORKPLAN 2021/22

Corporate Select Committee	13 September 2021	15 November 2021	17 January 2022
Corporate	<p>Part A –</p> <ul style="list-style-type: none"> HR & Finance system replacement – implementation planning Digital Inclusion Strategy update <p>Part B –</p> <ul style="list-style-type: none"> Committee forward plan 	<p>Part A –</p> <ul style="list-style-type: none"> Business Transformation and Smarter Working <p>Part B –</p> <ul style="list-style-type: none"> Committee forward plan 	<p>Part A –</p> <ul style="list-style-type: none"> Staff survey update and planning for 2022 <p>Part B –</p> <ul style="list-style-type: none"> Committee forward plan

To be rescheduled from March 2021:

- Asset Management Framework
- Norfolk Plc update